



OHIO AUDITOR OF STATE
KEITH FABER



**ROLLING HILLS LOCAL SCHOOL DISTRICT
GUERNSEY COUNTY
JUNE 30, 2024**

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**ROLLING HILLS LOCAL SCHOOL DISTRICT
GUERNSEY COUNTY
JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Rolling Hills Local School District
Guernsey County
P.O. Box 38
Byesville, Ohio 43723

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rolling Hills Local School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rolling Hills Local School District, Guernsey County, Ohio, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2025, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2025

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Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024 are as follows:

- Net position of governmental activities increased \$10,854,112.
- Total assets increased significantly from the prior fiscal year. The change was driven by significant additions to capital assets construction in progress for the school facilities project. The School District also completed the student health activity complex and updated the astroturf for the football field. These capital assets additions were offset by a reduction in cash and intergovernmental receivables related to the drawn down of debt proceeds and reduction in the amount estimated to be received from the Ohio Facilities Construction Commission compared to prior fiscal year.
- The School District total liabilities increased driven by increases in contracts and retainage payable related to the school facilities project.
- Total revenues increased from the prior year driven by increases to capital grants and contributions program revenues from COVID-19 grants related to Elementary and Secondary School Education Relief and grants and entitlements from Ohio Facilities Construction Commission local share, investment earnings and oil and gas agreement bonus general revenues.

USING THE BASIC FINANCIAL STATEMENTS

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The Statement of Net Position and the Statement of Activities answer this question.

Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting 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 School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Classroom Facilities Capital Project Fund, and the Building Facilities Capital Projects Fund.

Governmental Funds All of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for scholarship programs. This activity is presented as a private purpose trust fund. The School District is also the fiduciary for Ohio High School Athletic Association tournaments. This activity is presented as a custodial fund. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2024 compared to 2023.

Table 1
Net Position

	2024	2023	Change
Assets			
Current and Other Assets	\$59,334,026	\$75,144,264	(\$15,810,238)
Net OPEB Asset	1,168,715	1,592,615	(423,900)
Capital Assets	38,513,852	11,016,652	27,497,200
Total Assets	<u>99,016,593</u>	<u>87,753,531</u>	<u>11,263,062</u>
Deferred Outflows of Resources			
Pension	3,277,707	4,138,269	(860,562)
OPEB	689,457	428,497	260,960
Total Deferred Outflows	<u>3,967,164</u>	<u>4,566,766</u>	<u>(599,602)</u>
Liabilities			
Other Liabilities	5,341,517	2,988,420	2,353,097
Long-Term Liabilities:			
Due Within One Year	952,676	838,592	114,084
Due in More Than One Year:			
Net Pension Liability	16,639,250	17,461,166	(821,916)
Net OPEB Liability	1,126,967	1,004,765	122,202
Other Amounts	33,660,446	34,118,250	(457,804)
Total Liabilities	<u>57,720,856</u>	<u>56,411,193</u>	<u>1,309,663</u>
Deferred Inflows of Resources			
Property Taxes	4,642,482	5,135,978	(493,496)
Pension	1,755,348	2,262,824	(507,476)
OPEB	2,078,461	2,577,804	(499,343)
Total Deferred Inflows of Resources	<u>8,476,291</u>	<u>9,976,606</u>	<u>(1,500,315)</u>
Net Position			
Net Investment in Capital Assets	23,475,197	10,397,422	13,077,775
Restricted	23,953,044	26,101,333	(2,148,289)
Unrestricted (Deficit)	(10,641,631)	(10,566,257)	(75,374)
Total Net Position	<u>\$36,786,610</u>	<u>\$25,932,498</u>	<u>\$10,854,112</u>

The net pension liability is the largest single liability reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

Most long-term liabilities have set repayment schedules or, in the case of compensated absences, 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 fiscal year 2024, total assets increased, driven by increases to capital assets related to construction in progress for the school facilities project and additions for the student health and activity complex and new astroturf for the football field. Increases in overall assets was offset by reduction in cash in segregated accounts and investments as the School District continues to spend the proceeds from debt issuance on the school facilities project.

Deferred outflows of resources decreased, due to changes of assumptions, and the net difference between projected and actual earnings on pension plan investments related to the School District's proportionate share of the net pension liability.

Total liabilities increased, driven by increases in other liabilities related to increases in contracts and retainage payables for the school facilities project. The increase in other liabilities was offset by reduction in net pension liability and other amounts due in more than one year. The net pension liability represents the School District's proportionate share of the pension systems' unfunded liabilities. See Note 12 for more information. The other amounts due in more than one year decreased as the School District continues to pay down its existing debt balances.

Total deferred inflows of resources decreased as the result of two factors; a decrease in deferred inflows of resources related to pension and OPEB due to changes in assumptions, and a decrease in deferred inflows of resources related to property taxes due to an increase in the amount available as an advance.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2024, and comparisons to fiscal year 2023.

Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

Table 2
Changes in Net Position

Revenues	2024	2023	Change
Program Revenues:			
Charges for Services	\$1,079,468	\$1,188,793	(\$109,325)
Operating Grants and Contributions	4,542,144	4,657,152	(115,008)
Capital Grants and Contributions	2,422,058	763,411	1,658,647
Total Program Revenues	<u>8,043,670</u>	<u>6,609,356</u>	<u>1,434,314</u>
General Revenues:			
Property Taxes	8,356,341	7,952,255	404,086
Grants and Entitlements	14,143,326	9,329,488	4,813,838
Investment Earnings	2,310,765	1,157,408	1,153,357
Revenue in Lieu of Taxes	1,316,021	943,548	372,473
Gain Sale of Capital Assets	0	799,176	(799,176)
Oil and Gas Agreement Bonus	567,348	0	567,348
Miscellaneous	71,644	131,895	(60,251)
Total General Revenues	<u>26,765,445</u>	<u>20,313,770</u>	<u>6,451,675</u>
Total Revenues	<u>34,809,115</u>	<u>26,923,126</u>	<u>7,885,989</u>
Program Expenses			
Instruction:			
Regular	9,761,891	9,588,638	173,253
Special	3,525,300	2,971,944	553,356
Vocational	179,762	226,919	(47,157)
Student Intervention Services	160,513	73,085	87,428
Support Services:			
Pupils	463,019	500,326	(37,307)
Instructional Staff	782,935	818,725	(35,790)
Board of Education	35,262	23,930	11,332
Administration	1,863,924	1,795,099	68,825
Fiscal	639,538	620,650	18,888
Operation and Maintenance of Plant	2,355,447	2,162,426	193,021
Pupil Transportation	1,095,466	1,228,658	(133,192)
Central	128,978	99,346	29,632
Operation of Non-Instructional Services:			
Food Service Operations	1,108,787	1,019,247	89,540
Community Services	93,351	28,115	65,236
Extracurricular Activities	790,394	839,993	(49,599)
Interest	<u>970,436</u>	<u>862,931</u>	<u>107,505</u>
Total Expenses	<u>23,955,003</u>	<u>22,860,032</u>	<u>1,094,971</u>
Change in Net Position	10,854,112	4,063,094	6,791,018
Net Position Beginning of Year	<u>25,932,498</u>	<u>21,869,404</u>	<u>4,063,094</u>
Net Position End of Year	<u>\$36,786,610</u>	<u>\$25,932,498</u>	<u>\$10,854,112</u>

Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

Total revenues increased from the prior year driven by increases to capital grants and contributions program revenues, and grants and entitlements, investment earnings and oil and gas agreement bonus general revenues. Program revenues increases were driven by additional COVID-19 grants related to Elementary and Secondary School Education Relief. Grants and entitlements general revenues increased due to additional revenues received from Ohio Facilities Construction Commission local share compared to prior fiscal year. Investment earnings increased due to improvements in overall market conditions and the School District executed an oil and gas agreement bonus during the fiscal year. The increase in total revenues was offset by an increase in total expenses, driven by increases in special education instruction expense related to the School District providing additional instruction to special needs students. Operation and maintenance of plant increased from ongoing facilities updates and debt service interest increased related to the Certificate of Participation long-term debt issuance in prior fiscal years.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35. This legislation helps explain the relatively sizable increase in the School District's taxable value accompanied by the relatively small increase in tax revenue. Additionally, increases in property taxes would only have a nominal effect upon the School District's total revenue. This is due to the funding formula in place in Ohio, any increase in property tax revenue would be offset by a corresponding decrease in State funding the School District would receive.

Instructional programs comprise 57 percent of total governmental program expenses. Of the instructional expenses, approximately 72 percent is for regular instruction, 26 percent is for special instruction, and 2 percent is for the remaining instruction. Expenses have increased in the majority of programs. These increases are primarily due to increases in special instruction, operating and maintenance of plant super services and debt service interest.

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

Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

Table 3
Governmental Activities

	2024 Total Cost of Services	2024 Net Cost of Services	2023 Total Cost of Services	2023 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$9,761,891	\$5,272,993	\$9,588,638	\$7,016,606
Special	3,525,300	1,802,637	2,971,944	1,018,677
Vocational	179,762	46,251	226,919	92,846
Student Intervention Services	160,513	160,513	73,085	73,085
Support Services:				
Pupils	463,019	302,294	500,326	325,194
Instructional Staff	782,935	708,383	818,725	580,603
Board of Education	35,262	35,262	23,930	23,930
Administration	1,863,924	1,863,924	1,795,099	1,795,099
Fiscal	639,538	639,538	620,650	620,650
Operation and Maintenance of Plant	2,355,447	2,339,664	2,162,426	2,095,531
Pupil Transportation	1,095,466	909,129	1,228,658	1,122,933
Central	128,978	118,042	99,346	95,997
Non-Instructional Services:				
Food Service Operations	1,108,787	281,625	1,019,247	125,189
Community Services	93,351	89,781	28,115	19,868
Extracurricular Activities	790,394	370,861	839,993	381,537
Interest and Fiscal Charges	970,436	970,436	862,931	862,931
Totals	\$23,955,003	\$15,911,333	\$22,860,032	\$16,250,676

The dependence upon tax revenues and State subsidies for governmental activities is apparent as 66 percent of total expenses are supported through taxes and other general revenues.

THE SCHOOL DISTRICT MAJOR FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues in the amount of \$41,421,352, expenditures in the amount of \$52,308,965 and an overall decrease in fund balance in the amount of \$10,757,103, after other financing sources and use.

Total Revenues with an other financing source for the General Fund were \$22,671,319. Total Expenditures with an other financing use were \$20,944,713. The fund balance of the General Fund increased by \$1,726,606, driven by increases in property taxes, investment earnings, and oil and gas agreement bonus revenues. The General Fund's unassigned fund balance of \$1,552,944 represented 7.7 percent of current year expenditures.

The fund balance of the Classroom Facilities Capital Project Fund decreased \$8,310,865. This fund was created due to the participation in a Classroom Facilities Program in conjunction with the Ohio Facilities Commission (OFCC). The fund balance decreases as grant revenues are drawn and expended to fund the school facilities project. The School District has invested the local funding proceeds to subsidize the cost of the project.

Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

The fund balance of the Building Capital Projects Fund decreased \$3,423,486. The Building Fund is used to account for and report all transactions for constructing improvements, renovations and additions to the School Districts buildings. This fund is also utilizing its existing fund balance to contribute its portion of the school facilities project.

General Fund Budgeting Highlights

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

During the course of fiscal 2024, the School District amended its General Fund budget and final estimated revenues were \$20,507,295. Actual revenues were \$843,293 over the final estimated revenues. The appropriations were amended from \$27,871,094 (including other financing uses) at the beginning of the year, to \$27,985,017 for the final appropriations (including other financing use). The final budgeted expenditures and other financing use, were \$6,684,213 below actual.

The School District's ending unobligated General Fund balance was \$7,539,462.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the School District had \$38,513,852 invested, net of depreciation, in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, equipment, vehicles, and intangible right to use subscriptions. Table 4 shows fiscal year 2024 balances compared to 2023.

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

	2024	2023
Land	\$157,288	\$157,288
Construction in Progress	27,277,429	3,756,673
Land Improvements	1,908,724	1,196,246
Buildings and Improvements	8,545,394	5,650,543
Furniture, Fixtures, and Equipment	323,909	202,607
Vehicles	192,350	53,295
Intangible Right to Use Subscriptions	108,758	0
Totals	\$38,513,852	\$11,016,652

For additional information on capital assets, see Note 10 to the basic financial statements.

Rolling Hills Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2024

Unaudited

Debt

At June 30, 2024, the School District had \$60,000 outstanding in energy conservation notes, with \$60,000 due within one year. The School District had \$30,820,000 outstanding in certificates of participation, with \$665,000 due within one year. Table 5 shows fiscal year 2024 balances compared to 2023.

Table 5
Outstanding Debt, at Fiscal Year End

	<u>2024</u>	<u>2023</u>
2010 Energy Conservation Notes:		
Term Notes 2.0% - 4.15%	\$60,000	\$120,000
Term Premium	0	2,583
2021 Certificates of Participation:		
Serial Bonds - 3.00% - 5.00%	13,310,000	13,875,000
Term Bonds - 2.125% - 3.00%	13,610,000	13,610,000
Certificates of Participation Premium	2,090,906	2,168,347
2023 Certificates of Participation:		
Serial Bonds - 5.00%	695,000	795,000
Term Bonds - 4.00% - 5.50%	3,205,000	3,205,000
Certificates of Participation Premium	177,594	184,172
Totals	<u>\$33,148,500</u>	<u>\$33,960,102</u>

In addition to the above, the School District's long-term obligations include compensated absences, retirement incentives, and net pension/OPEB liability.

For additional information on debt, see Note 15 to the basic financial statements.

CURRENT ISSUES

The School District ended fiscal year 2024 with an overall increase in net position. Based on the current financial situation, the School District will continue to be proactive in maintaining a balanced budget for fiscal year 2025.

Based on the most recent five year forecast adopted by the Board of Education, the School District is projecting deficit spending in the amount of \$686,902 in fiscal year 2026, with deficit spending projected to continue fiscal year 2027, fiscal year 2028, and fiscal year 2029. The Board of Education and Administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brandon Gregg, Treasurer, at Rolling Hills Local School District, P.O. Box 38, Byesville, Ohio 43723, or E-Mail at brandon.gregg@rollinghills.k12.oh.us.

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Rolling Hills Local School District, Ohio

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,242,088
Cash and Cash Equivalents in Segregated Accounts	1,805,757
Investments	24,277,418
Inventory Held for Resale	8,981
Materials and Supplies Inventory	11,765
Accrued Interest Receivable	31,879
Accounts Receivable	194,057
Intergovernmental Receivable	15,182,220
Prepaid Items	135,304
Property Taxes Receivable	8,444,557
Net OPEB Asset	1,168,715
Nondepreciable Capital Assets	27,434,717
Depreciable Capital Assets, Net	<u>11,079,135</u>
<i>Total Assets</i>	<u>99,016,593</u>
Deferred Outflows of Resources	
Pension	3,277,707
OPEB	<u>689,457</u>
<i>Total Deferred Outflows of Resources</i>	<u>3,967,164</u>
Liabilities	
Accounts Payable	44,652
Accrued Wages and Benefits Payable	1,626,740
Contracts Payable	1,546,920
Accrued Interest Payable	345,314
Intergovernmental Payable	448,533
Matured Compensated Absences Payable	36,170
Retainage Payable	910,188
Claims Payable	383,000
Long-Term Liabilities:	
Due Within One Year	952,676
Due in More Than One Year:	
Net Pension Liability	16,639,250
Net OPEB Liability	1,126,967
Other Amounts	<u>33,660,446</u>
<i>Total Liabilities</i>	<u>57,720,856</u>
Deferred Inflows of Resources	
Property Taxes	4,642,482
Pension	1,755,348
OPEB	<u>2,078,461</u>
<i>Total Deferred Inflows of Resources</i>	<u>8,476,291</u>
Net Position	
Net Investment in Capital Assets	23,475,197
Restricted for:	
Capital Projects	22,026,101
Classroom Facilities Maintenance	485,343
Federal and State Programs	129,653
District and Student Managed Activities	61,314
OPEB Plans	1,168,715
Local Programs	81,918
Unrestricted (Deficit)	<u>(10,641,631)</u>
<i>Total Net Position</i>	<u>\$36,786,610</u>

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio

Statement of Activities

For the Fiscal Year Ended June, 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
					Governmental Activities	
Governmental Activities						
Instruction:						
Regular	\$9,761,891	\$350,824	\$1,777,450	\$2,360,624	(\$5,272,993)	
Special	3,525,300	34,432	1,673,463	14,768	(1,802,637)	
Vocational	179,762	0	133,511	0	(46,251)	
Student Intervention Services	160,513	0	0	0	(160,513)	
Support Services:						
Pupils	463,019	151,332	9,393	0	(302,294)	
Instructional Staff	782,935	123	74,429	0	(708,383)	
Board of Education	35,262	0	0	0	(35,262)	
Administration	1,863,924	0	0	0	(1,863,924)	
Fiscal	639,538	0	0	0	(639,538)	
Operation and Maintenance of Plant	2,355,447	5,855	9,928	0	(2,339,664)	
Pupil Transportation	1,095,466	32,024	107,647	46,666	(909,129)	
Central	128,978	10,489	447	0	(118,042)	
Operation of Non-Instructional Services:						
Food Service Operations	1,108,787	86,252	740,910	0	(281,625)	
Community Services	93,351	2,290	1,280	0	(89,781)	
Extracurricular Activities	790,394	405,847	13,686	0	(370,861)	
Interest	970,436	0	0	0	(970,436)	
<i>Total Governmental Activities</i>	<i>\$23,955,003</i>	<i>\$1,079,468</i>	<i>\$4,542,144</i>	<i>\$2,422,058</i>	<i>(15,911,333)</i>	
General Revenues						
Property Taxes Levied for General Purposes					8,356,341	
Revenue in Lieu of Taxes					1,316,021	
Grants and Entitlements not Restricted to Specific Programs					14,143,326	
Oil and Gas Agreement Bonus					567,348	
Investment Earnings					2,310,765	
Miscellaneous					71,644	
<i>Total General Revenues</i>					<i>26,765,445</i>	
<i>Change in Net Position</i>					<i>10,854,112</i>	
<i>Net Position Beginning of Year</i>					<i>25,932,498</i>	
<i>Net Position End of Year</i>					<i>\$36,786,610</i>	

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2024*

	General	Classroom Facilities	Building Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$7,515,370	\$0	\$0	\$851,376	\$8,366,746
Cash and Cash Equivalents in Segregated Accounts	0	1,805,757	0	0	1,805,757
Investments	0	18,086,284	6,121,648	69,486	24,277,418
Receivables:					
Property Taxes	8,444,557	0	0	0	8,444,557
Accounts	15,325	0	0	28,642	43,967
Accrued Interest	0	26,603	5,276	0	31,879
Intergovernmental	68,265	14,197,692	0	916,263	15,182,220
Interfund	615,833	0	0	0	615,833
Prepaid Items	67,855	53,241	9,514	4,694	135,304
Inventory Held for Resale	0	0	0	8,981	8,981
Materials and Supplies Inventory	7,371	0	0	4,394	11,765
Restricted Assets					
Equity in Pooled Cash and Cash Equivalents	13,426	0	0	0	13,426
<i>Total Assets</i>	<u>\$16,748,002</u>	<u>\$34,169,577</u>	<u>\$6,136,438</u>	<u>\$1,883,836</u>	<u>\$58,937,853</u>
Liabilities					
Accounts Payable	\$34,814	\$0	\$0	\$9,838	\$44,652
Accrued Wages and Benefits Payable	1,261,961	0	0	364,779	1,626,740
Contracts Payable	0	1,312,583	234,337	0	1,546,920
Interfund Payable	0	0	0	615,833	615,833
Matured Compensated Absences Payable	36,170	0	0	0	36,170
Intergovernmental Payable	376,871	0	0	71,662	448,533
Retainage Payable	0	773,660	136,528	0	910,188
<i>Total Liabilities</i>	<u>1,709,816</u>	<u>2,086,243</u>	<u>370,865</u>	<u>1,062,112</u>	<u>5,229,036</u>
Deferred Inflows of Resources					
Property Taxes	4,642,482	0	0	0	4,642,482
Unavailable Revenue	673,172	11,941,918	5,276	151,802	12,772,168
<i>Total Deferred Inflows of Resources</i>	<u>5,315,654</u>	<u>11,941,918</u>	<u>5,276</u>	<u>151,802</u>	<u>17,414,650</u>
Fund Balances					
Nonspendable:					
Inventories	7,371	0	0	4,394	11,765
Prepaid Items	67,855	53,241	9,514	4,694	135,304
Unclaimed Monies	13,426	0	0	0	13,426
Restricted for:					
Classroom Facilities Maintenance	0	0	0	485,343	485,343
Capital Improvements	0	20,088,175	5,750,783	0	25,838,958
Debt Service	0	0	0	69,486	69,486
Federal and State Grant Expenditures	0	0	0	68,639	68,639
District and Student Managed Activities	0	0	0	71,314	71,314
Local Programs	0	0	0	129,402	129,402
Assigned to:					
Purchases on Order	496,104	0	0	0	496,104
Subsequent Year Appropriations	7,526,035	0	0	0	7,526,035
School Support Services	58,797	0	0	0	58,797
Unassigned (Deficit)	1,552,944	0	0	(163,350)	1,389,594
<i>Total Fund Balances</i>	<u>9,722,532</u>	<u>20,141,416</u>	<u>5,760,297</u>	<u>669,922</u>	<u>36,294,167</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$16,748,002</u></u>	<u><u>\$34,169,577</u></u>	<u><u>\$6,136,438</u></u>	<u><u>\$1,883,836</u></u>	<u><u>\$58,937,853</u></u>

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2024

Total Governmental Fund Balances	\$36,294,167
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	38,513,852
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	604,789
Tuition and Fees	68,383
Investment Earnings	31,879
Charges for Services	28,642
Grants	<u>12,038,475</u>
	12,772,168

The net OPEB asset and the net pension/OPEB liability are not due and payable in the current period and therefore the asset, liability, and related deferred inflows/outflows are not reported in the governmental funds:

Net OPEB Asset	1,168,715
Deferred Outflows - Pension	3,277,707
Deferred Outflows - OPEB	689,457
Net Pension Liability	(16,639,250)
Net OPEB Liability	(1,126,967)
Deferred Inflows - Pension	(1,755,348)
Deferred Inflows - OPEB	<u>(2,078,461)</u>
	(16,464,147)

An 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.

629,006

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Energy Conservation Term Notes	(60,000)
Certificates of Participation	(30,820,000)
Certificates of Participation Premium	(2,268,500)
Compensated Absences	(1,054,833)
Retirement Incentive	(409,789)
Accrued Interest Payable	<u>(345,314)</u>
	(34,958,436)

Net Position of Governmental Activities	<u>\$36,786,610</u>
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See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Classroom Facilities	Building Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$8,594,750	\$0	\$0	\$0	\$8,594,750
Intergovernmental	10,725,917	11,014,833	0	5,707,150	27,447,900
Investment Earnings	709,122	1,313,435	259,771	21,000	2,303,328
Tuition and Fees	393,316	0	0	0	393,316
Oil and Gas Agreement Bonus	567,348	0	0	0	567,348
Charges for Services	708	0	0	73,023	73,731
Extracurricular	152,069	0	0	456,532	608,601
Gifts and Donations	9,914	0	0	34,799	44,713
Revenue in Lieu of Taxes	1,316,021	0	0	0	1,316,021
Miscellaneous	71,644	0	0	0	71,644
<i>Total Revenues</i>	<i>22,540,809</i>	<i>12,328,268</i>	<i>259,771</i>	<i>6,292,504</i>	<i>41,421,352</i>
Expenditures					
Current:					
Instruction:					
Regular	7,674,231	0	0	1,779,247	9,453,478
Special	2,787,915	0	0	634,742	3,422,657
Vocational	190,562	0	0	0	190,562
Student Intervention Services	160,736	0	0	0	160,736
Support Services:					
Pupils	178,173	0	0	275,385	453,558
Instructional Staff	705,447	0	0	84,704	790,151
Board of Education	35,262	0	0	0	35,262
Administration	1,878,414	0	0	0	1,878,414
Fiscal	630,446	0	0	0	630,446
Operation and Maintenance of Plant	2,078,945	0	0	75,168	2,154,113
Pupil Transportation	1,150,360	0	0	105,770	1,256,130
Central	114,384	0	0	18,433	132,817
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,042,075	1,042,075
Community Services	88,025	0	0	5,326	93,351
Extracurricular Activities	86,700	0	0	646,691	733,391
Capital Outlay	1,221,486	20,639,133	3,683,257	2,422,058	27,965,934
Debt Service:					
Principal Retirement	795,510	0	0	60,000	855,510
Interest	465,176	0	0	595,204	1,060,380
<i>Total Expenditures</i>	<i>20,241,772</i>	<i>20,639,133</i>	<i>3,683,257</i>	<i>7,744,803</i>	<i>52,308,965</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>2,299,037</i>	<i>(8,310,865)</i>	<i>(3,423,486)</i>	<i>(1,452,299)</i>	<i>(10,887,613)</i>
Other Financing Sources (Use)					
Transfers In	0	0	0	702,941	702,941
Inception of Subscription	130,510	0	0	0	130,510
Transfers Out	(702,941)	0	0	0	(702,941)
<i>Total Other Financing Sources (Use)</i>	<i>(572,431)</i>	<i>0</i>	<i>0</i>	<i>702,941</i>	<i>130,510</i>
<i>Net Change in Fund Balance</i>	<i>1,726,606</i>	<i>(8,310,865)</i>	<i>(3,423,486)</i>	<i>(749,358)</i>	<i>(10,757,103)</i>
<i>Fund Balances Beginning of Year</i>	<i>7,995,926</i>	<i>28,452,281</i>	<i>9,183,783</i>	<i>1,419,280</i>	<i>47,051,270</i>
<i>Fund Balances End of Year</i>	<i>\$9,722,532</i>	<i>\$20,141,416</i>	<i>\$5,760,297</i>	<i>\$669,922</i>	<i>\$36,294,167</i>

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio
*Reconciliation of the Net Change in Fund Balance
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Net Change in Fund Balance - Total Governmental Funds (10,757,103)

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 capital outlay exceeded depreciation:

Capital Asset Additions	28,262,651	
Depreciation Expense	<u>(738,954)</u>	27,523,697

Governmental funds report only 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.

Loss on Disposal of Capital Assets	(26,497)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	(238,409)	
Tuition and Fees	(9,787)	
Investment Earnings	7,437	
Charges for Services	13,607	
Grants	<u>(6,385,085)</u>	(6,612,237)

Repayments of principal are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.

Energy Conservation Term Notes	60,000	
Certificates of Participation	665,000	
Subscriptions	<u>130,510</u>	855,510

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

Accrued Interest Payable	3,342	
Amortization of Term Note Premium	2,583	
Amortization of Certificates of Participation Premium	<u>84,019</u>	89,944

Inception of a subscription is reported as other financing sources in governmental funds, but the inception increases long-term liabilities on the Statement of Net Position: (130,510)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net change of the internal service fund is reported with governmental activities. (303,841)

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

Pension	1,516,923	
OPEB	<u>46,937</u>	1,563,860

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	(1,048,093)	
OPEB	<u>167,264</u>	(880,829)

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

Compensated Absences	(58,093)	
Retirement Incentive	<u>(409,789)</u>	(467,882)

Change in Net Position of Governmental Activities 10,854,112

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property Taxes	\$7,360,920	\$7,902,825	\$7,577,233	(\$325,592)
Intergovernmental	10,345,227	9,938,628	10,725,315	786,687
Interest	280,727	494,681	709,189	214,508
Tuition and Fees	291,850	215,528	381,872	166,344
Extracurricular Activities	0	737	737	0
Customer Sales and Services	671	708	708	0
Payments in Lieu of Taxes	1,001,355	1,315,843	1,316,021	178
Gifts and Donations	0	300	521	221
Oil and Gas Agreement Bonus	0	567,235	567,348	113
Miscellaneous	182,059	70,810	71,644	834
<i>Total Revenues</i>	<i>19,462,809</i>	<i>20,507,295</i>	<i>21,350,588</i>	<i>843,293</i>
Expenditures				
Current:				
Instruction:				
Regular	10,658,804	9,975,686	7,959,530	2,016,156
Special	3,358,051	3,795,513	2,828,163	967,350
Vocational	303,188	225,760	233,726	(7,966)
Student Intervention Services	160,432	226,646	173,022	53,624
Support Services:				
Pupils	12,130	11,934	8,666	3,268
Instructional Staff	896,717	830,245	755,155	75,090
Board of Education	39,442	41,216	35,799	5,417
Administration	2,447,385	2,454,428	1,904,955	549,473
Fiscal	825,301	1,336,569	645,124	691,445
Operation and Maintenance of Plant	2,646,126	2,779,661	2,236,304	543,357
Pupil Transportation	1,603,819	1,794,267	1,234,750	559,517
Central	150,252	164,387	121,188	43,199
Operation of Non-Instructional Services	69,582	15,535	88,025	(72,490)
Extracurricular Activities	95,809	98,743	81,088	17,655
Capital Outlay	801,280	1,057,346	1,162,192	(104,846)
Debt Service:				
Principal	914,567	957,974	665,000	292,974
Interest	310,903	670,115	465,176	204,939
<i>Total Expenditures</i>	<i>25,293,786</i>	<i>26,436,025</i>	<i>20,597,863</i>	<i>5,838,162</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(5,830,977)</i>	<i>(5,928,730)</i>	<i>752,725</i>	<i>6,681,455</i>
Other Financing Source (Uses)				
Advances In	930,562	0	0	0
Advances Out	(616,008)	0	0	0
Transfers Out	(1,961,300)	(1,548,992)	(702,941)	846,051
<i>Total Other Financing Source (Uses)</i>	<i>(1,646,746)</i>	<i>(1,548,992)</i>	<i>(702,941)</i>	<i>846,051</i>
<i>Net Change in Fund Balance</i>	<i>(7,477,723)</i>	<i>(7,477,722)</i>	<i>49,784</i>	<i>7,527,506</i>
<i>Fund Balance Beginning of Year</i>	<i>6,030,239</i>	<i>6,030,239</i>	<i>6,030,239</i>	<i>0</i>
Prior Year Encumbrances Appropriated	1,459,439	1,459,439	1,459,439	0
<i>Fund Balance End of Year</i>	<i>\$11,955</i>	<i>\$11,956</i>	<i>\$7,539,462</i>	<i>\$7,527,506</i>

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio

Statement of Fund Net Position

Medical Self-Insurance Internal Service Fund

June 30, 2024

Current Assets

Equity in Pooled Cash and Cash Equivalents	\$861,916
Accounts Receivable	<u>150,090</u>
<i>Total Assets</i>	1,012,006

Current Liabilities

Claims Payable	<u>383,000</u>
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Net Position

Unrestricted	<u><u>\$629,006</u></u>
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See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Medical Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2024

Operating Revenues

Charges for Services	<u>\$3,037,350</u>
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Operating Expenses

Purchased Services	864,733
Claims	<u>2,476,458</u>

<i>Total Operating Expenses</i>	<u>3,341,191</u>
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Operating Loss	(303,841)
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Net Position Beginning of Year	<u>932,847</u>
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Net Position End of Year	<u><u>\$629,006</u></u>
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See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio

Statement of Cash Flows

Medical Self-Insurance Internal Service Fund

For the Fiscal Year Ended June 30, 2024

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Interfund Services Provided	\$3,037,350
Cash Payments for Services	(864,733)
Cash Payments for Claims	<u>(2,526,369)</u>
Net Cash Used for Operating Activities	(353,752)
Cash and Cash Equivalents at Beginning of Year	<u>1,215,668</u>
Cash and Cash Equivalents at End of Year	<u><u>\$861,916</u></u>

Reconciliation of Operating Loss to

Net Cash Used for Operating Activities

Operating Loss	(\$303,841)
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Changes in Assets and Liabilities

Increase in Accounts Receivable	(66,911)
Increase in Claims Payable	<u>17,000</u>
Total Changes in Assets and Liabilities	<u>(49,911)</u>
Net Cash Used for Operating Activities	<u><u>(\$353,752)</u></u>

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio

Statement of Fiduciary Net Position

Private Purpose Trust Fund

June 30, 2024

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,238
Cash and Cash Equivalents with Fiscal Agents	<u>1,579,967</u>
<i>Total Assets</i>	<u><u>\$1,589,205</u></u>
Net Position	
Held in Trust for Scholarships	<u><u>\$1,589,205</u></u>

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2024

	Private Purpose Trust
Additions	
Gifts and Contributions	\$212,594
Interest	33,422
Increase in Fair Value of Investments	<u>173,017</u>
<i>Total Additions</i>	<u>419,033</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>102,950</u>
Change in Net Position	316,083
Net Position Beginning of Year	<u>1,273,122</u>
Net Position End of Year	<u><u>\$1,589,205</u></u>

See accompanying notes to the basic financial statements

Rolling Hills Local School District, Ohio

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

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's six instructional/support facilities staffed by 66 classified employees, 29 administrative employees, and 112 certified teaching and administrative personnel who provide services to 1,449 students and other community members.

Reporting Entity

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

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

The School District participates in four jointly governed organizations and two insurance purchasing pools. These organizations are the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments, the Mid-East Career and Technology Centers, the Coalition of Rural and Appalachian Schools, the Ohio Coalition for Equity and Adequacy of School Funding, the Ohio School Plan, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. Additional information concerning these organizations is presented in Notes 17 and 18.

Note 2 - Summary of Significant Accounting Policies

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

Rolling Hills Local School District, Ohio

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

Basis of Presentation

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

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

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

Fund Accounting

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

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

Rolling Hills Local School District, Ohio

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

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

Classroom Facilities Capital Project Fund The Classroom Facilities Capital Project Fund is used to account for resources received and restricted for the building and equipping of classroom facilities.

Building Capital Project Fund The Building Capital Projects Fund is used to account for and report all transactions restricted for constructing improvements, renovations and additions to the School District's buildings, including equipment, furniture and fixtures

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income/loss, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Medical Self-Insurance Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical/surgical, dental, and prescription drug claims.

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

The School District has one custodial fund. The custodial fund is used to account for assets held by the School District as fiscal agent for Ohio High School Athletic Association tournaments. The School District had no custodial activity during the fiscal year.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities accounts for increases (revenues) and decreases (expenses) in total net position.

Rolling Hills Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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 and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For the proprietary fund, the Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Fiduciary funds present a Statement of Changes in Fiduciary Net Position which reports additions to and deductions from its private purpose trust fund and its custodial fund.

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes and revenue in lieu of taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Rolling Hills Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, fees, and miscellaneous.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance year 2025 operations. These amounts have been recorded as deferred inflow on both the government-wide Statement of Net Position and the government fund financial statements. 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 School District, unavailable revenue includes delinquent property taxes, tuition and fees, investment earnings, charges for services, and grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position (See Notes 12 and 13).

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for a portion of the private purpose trust fund monies and segregated accounts, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

Rolling Hills Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

During fiscal year 2024, the School District's investments were limited to United States Treasury notes, federal agency securities, municipal bonds, mutual funds, negotiable certificates of deposit, and STAR Ohio. Investments, other than STAR Ohio, are stated at fair value. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants". The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Investment earnings credited to the General Fund during 2024 amounted to \$709,122 which includes \$191,566 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an original maturity of greater than three months and not purchased from the cash management pool are presented on the financial statements as cash and cash equivalents and investments in segregated accounts. The School District reports the change in fair value of investments. The calculation of realized gains/losses is independent of the calculation of the change in fair value of investments. The realized gains/losses of the current period include unrealized amounts from prior periods.

The School District has amounts presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents" which represents money held by the Foundation for Appalachian Ohio for scholarship funds.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These bank accounts are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts" for an athletic department account, state drawdown construction account and a clearing account for the Medical Self-Insurance Internal Service Fund.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories consist of expendable supplies held for consumption and donated and purchased food.

Rolling Hills Local School District, Ohio

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). The School District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land and construction in progress. 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
Land Improvements	10-20 years
Buildings and Improvements	5-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	10 years

Subscription Payable

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancelable IT software contracts. At the commencement of the subscription term, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the Statement of Net Position.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables". These amounts are eliminated on the Statement of Net Position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for vacation time when earned. Vacation can be accumulated for the current year's earnings plus 10 additional days while administration can carry over 15 additional days.

Rolling Hills Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees with seventeen or more years of current service with the School District.

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which these payments will be made.

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, and retirement incentive 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 during the current year. Notes and certificates of participation are recognized as a liability on the fund financial statements. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Internal Activity

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

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

Rolling Hills Local School District, Ohio

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

Premiums

On the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Premiums are deferred and amortized over the term of the debt using the straight-line method, which approximates the effective interest method.

On the governmental fund financial statements, note premiums are recognized in the period in which the debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes prepaid items for all governmental fund types.

Restricted The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or it is imposed by law through constitutional provisions. Under Ohio law, amounts paid into any fund, including transfers, shall have the same constraints placed on the use of funds as those externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

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

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

Rolling Hills Local School District, Ohio

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

These amounts are assigned by the School District's Board of Education. In the General Fund, assigned amounts represent intended uses established by policies of the School District's Board of Education or a School District official delegated that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2025's budget. The Board of Educational has also assigned fund balance for school support services.

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

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

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted Net Position for the OPEB plan represents the corresponding restricted asset amounts held in trust by the OPEB plan for future benefits.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for services for self-insurance programs. Operating expense are necessary costs' incurred to provide the good or service that is primary activity of the fund. Revenues and expense not meeting this definition are reported as non-operating.

Estimates

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

Budgetary Process

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

Rolling Hills Local School District, Ohio

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

The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the amended certificate at the time the permanent appropriations were passed. The amounts reported as the final budgeted amounts in the budgetary statement reflect the final amended certificate approved.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. 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 years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Note 3 - Change in Accounting Principles

For fiscal year 2024, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, and related guidance from GASB Implementation Guide No. 2023-1, Implementation Guidance Update — 2023. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, Implementation Guidance Update — 2021.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and the Implementation Guides did not have an effect on beginning balances.

In an effort to promote comparability with other governments, the Education Service Center updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather impacted the amounts presented as net position restricted for a OPEB plan and unrestricted net position.

Rolling Hills Local School District, Ohio

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

Note 4 - Accountability

The following funds had deficit fund balances as of June 30, 2024:

	<u>Deficits</u>
Special Revenue Funds:	
Food Service	\$34,632
ESSER	73,448
IDEA Part B	27,637
Title I	22,075

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Negative cash interfund advances and prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget basis) rather than committed or assigned fund balance (GAAP basis).
5. Budgetary revenues and expenditures of the Public School Support Fund are reclassified to the General Fund for GAAP reporting.

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

Rolling Hills Local School District, Ohio

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

Net Change in Fund Balance

GAAP Basis	\$1,726,606
Revenue Accruals	(1,160,006)
Expenditure Accruals	443,546
Beginning of Fiscal Year:	
Prepaid Items	62,327
Negative Cash Interfund Advances	(1,034,942)
Ending of Fiscal Year:	
Prepaid Items	(67,855)
Negative Cash Interfund Advances	610,554
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	10,370
Encumbrances	<u>(540,816)</u>
Budget Basis	<u><u>\$49,784</u></u>

Note 6 - Deposits and Investments

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Rolling Hills Local School District, Ohio

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2024, the School District's Private Purpose Trust Fund had a balance of \$1,579,967 with fiscal agents, which was held by the Foundation for Appalachian Ohio. The balances were held by in pooled accounts with the Foundation for Appalachian Ohio which are representative of numerous other scholarships and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Foundation for Appalachian Ohio as a whole may be obtained from the Foundation for Appalachian Ohio, 35 Public Square, Nelsonville, Ohio 45764.

Rolling Hills Local School District, Ohio

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

Investments As of June 30, 2024, the School District had the following investment:

	Measurement Amount	Maturity	Standard & Poor's Rating
Net Value Per Share:			
STAR Ohio	\$11,469,333	Average 46.5 days	AAAm
Fair Value - Level 1 Inputs:			
Money Market Mutual Funds	6,078,895	n/a	n/a
Fair Value - Level 2 Inputs:			
US Government Agency Notes	2,992,037	08/25/2023-10/28/2024	AA+
Negotiable Certificates of Deposit	3,091,527	10/17/2022-03/13/2023	n/a
Commercial Paper	5,578,575	01/30/2023-08/05/2024	A-1
US Treasury Notes	1,272,576	03/31/2024-03/15/2025	AA+
Total Level 2 Inputs	<u>12,934,715</u>		
Total	<u>\$30,482,943</u>		

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2024. The money market mutual fund is measured at fair value and are valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk: The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sell negotiable instruments prior to maturity in accord with the law. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: The School District places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

Rolling Hills Local School District, Ohio

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

Note 7 - Property Taxes and Abatements

Property Taxes

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

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

Public utility property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Public utility taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Guernsey, Noble, and Muskingum Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real and public utility taxes which are measurable as of June 30, 2024, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance, and recognized as revenue at June 30, 2024, was \$3,197,286 in the General Fund. At June 30, 2023, \$2,179,769 was available in the General Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Rolling Hills Local School District, Ohio

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

Assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$276,075,460	78.09%	\$298,449,140	79.57%
Public Utility Personal	77,468,910	21.91%	76,638,740	20.43%
Total	<u>\$353,544,370</u>	<u>100.00%</u>	<u>\$375,087,880</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation		\$24.70		\$24.20

The decrease in the tax rate is due to the adjustment of the emergency rate from 4.30 to 3.80 per \$1,000 of assessed valuation.

Abatements

School District property taxes were reduced as follows under county and city agreements entered into by overlapping governments:

Overlapping Governments	Amount of Fiscal Year
	2024
<i>Community Reinvestment Areas:</i>	
Guernsey County	\$135,137
City of Cambridge	18,478
<i>Enterprise Zones:</i>	
Guernsey County	58,518

Note 8 - Receivables

Receivables at June 30, 2024, consisted of property taxes, interfund, accrued interest, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except delinquent property taxes, are expected to be collected in one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Delinquent property taxes as of June 30, 2024, were \$604,789.

During fiscal year 2022, the School District was awarded \$26,210,708 for renovations to buildings under the State's "Classroom Facilities Program". Under this program, the School District entered into an agreement with the State of Ohio in which the State would pay for a portion of the estimated project costs. As of the end of the fiscal year 2024, the School District had received \$12,013,016 of the monies awarded under this program. The remaining amount of \$14,197,692 is recorded as a receivable, with \$11,915,315 recorded as unavailable revenue on the balance sheet.

Rolling Hills Local School District, Ohio

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

The portion of the State Classroom Facilities grant totaling \$14,197,692 that will be paid to the School District through the Ohio School Facilities Commission (OFCC) for future construction and/or final reconciliation of the program, may not be collected within one year.

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Title I	\$78,921
Medicaid	3,763
Elementary and Secondary School Education Relief	715,594
Idea-B	96,209
Title II-A	10,000
Title V-B	7,100
Title IV-A	8,439
State Foundation	64,502
OFCC Receivable	14,197,692
Total	<u>\$15,182,220</u>

Revenue in Lieu of Taxes

Guernsey Power Station In prior fiscal years, the School District entered into a 30 year Compensation Agreement with Guernsey Power Station. The purpose of the Compensation Agreement was for the construction of the Guernsey Power Station located in an established enterprise zone. The School District received its first payment in fiscal year 2020 in the amount of \$100,000. During fiscal year 2021, a payment of \$316,088 was received. During fiscal year 2023, the school district received a payment of \$941,418. During fiscal year 2024, the school district received a payment of \$1,311,627. The agreement states that the School District is guaranteed to receive \$1,000,000 in gross revenues which includes any taxes required to be paid and/or this annual school payment after operations begin. In the remaining years of the agreement, the School District will be guaranteed to receive \$1,416,088 per year in total either through taxes paid and/or the annual school payment. The School District intends to use future receipts to finance a new building project.

Note 9 - Significant Commitments

Encumbrances

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

General	\$540,816
Nonmajor Governmental Funds	16,100,180
Total	<u>\$16,640,996</u>

Rolling Hills Local School District, Ohio

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

Contractual Commitments

As of June 30, 2024, the School District had a contractual purchase commitment payable from the General Fund, Classroom Facilities and Building Capital Projects Fund for the following projects:

Project	Contact Amount	Paid to Date	Amount Remaining
Classroom Facilities Project	\$60,367,051	\$28,435,550	\$31,931,501

Note 10 - Capital Assets

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

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$157,288	\$0	\$0	\$157,288
Construction in Progress	3,756,673	24,678,877	(1,158,121)	27,277,429
<i>Total Nondepreciable Capital Assets</i>	<u>3,913,961</u>	<u>24,678,877</u>	<u>(1,158,121)</u>	<u>27,434,717</u>
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	3,626,536	935,637	(635,922)	3,926,251
Buildings and Improvements	18,846,660	3,219,805	0	22,066,465
Machinery, Equipment, Furniture and Fixtures	4,113,789	187,885	(2,468,675)	1,832,999
Vehicles	2,213,147	268,058	0	2,481,205
<i>Total Tangible Assets</i>	<u>28,800,132</u>	<u>4,611,385</u>	<u>(3,104,597)</u>	<u>30,306,920</u>
<i>Subscription Assets</i>				
Intangible Right to Use - Subscription	0	130,510	0	130,510
<i>Total Depreciable Capital Assets</i>	<u>28,800,132</u>	<u>4,741,895</u>	<u>(3,104,597)</u>	<u>30,437,430</u>
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Land Improvements	(2,430,290)	(196,662)	609,425	(2,017,527)
Buildings and Improvements	(13,196,117)	(324,954)	0	(13,521,071)
Machinery, Equipment, Furniture and Fixtures	(3,911,182)	(66,583)	2,468,675	(1,509,090)
Vehicles	(2,159,852)	(129,003)	0	(2,288,855)
<i>Total Depreciation</i>	<u>(21,697,441)</u>	<u>(717,202)</u>	<u>3,078,100</u>	<u>(19,336,543)</u>
<i>Subscription Assets</i>				
Intangible Right to Use - Subscription	0	(21,752)	0	(21,752)
<i>Total Intangible Right to Use Assets</i>	<u>0</u>	<u>(21,752)</u>	<u>0</u>	<u>(21,752)</u>
<i>Total Accumulated Depreciation/Amortization</i>	<u>(21,697,441)</u>	<u>(738,954)</u>	<u>3,078,100</u>	<u>(19,358,295)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>7,102,691</u>	<u>4,002,941</u>	<u>(26,497)</u>	<u>11,079,135</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$11,016,652</u>	<u>\$28,681,818</u>	<u>(\$1,184,618)</u>	<u>\$38,513,852</u>

Rolling Hills Local School District, Ohio

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

*Depreciation expense was charged to governmental functions as follows:

	Depreciation	Amortization	Total
Instruction:			
Regular	\$154,865	\$21,752	\$176,617
Special	57,563	0	57,563
Vocational	2,964	0	2,964
Support Services:			
Pupils	13,161	0	13,161
Instructional Staff	28,860	0	28,860
Administration	29,794	0	29,794
Fiscal	10,837	0	10,837
Operation and Maintenance of Plant	256,203	0	256,203
Pupil Transportation	62,729	0	62,729
Food Service Operations	35,930	0	35,930
Extracurricular Activities	<u>64,296</u>	<u>0</u>	<u>64,296</u>
Total	<u>\$717,202</u>	<u>\$21,752</u>	<u>\$738,954</u>

Note 11 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2024, the School District contracted with the Ohio School Plan (OSP) for the following coverage:

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Rolling Hills Local School District, Ohio

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

Commercial Property Coverage Blanket	\$109,021,579	\$1,000 deductible
Commercial Crime Coverage	25,000	1,000 deductible
Fleet Insurance:		
Liability	3,000,000	any one accident
Auto Medical Payments	5,000	any one accident
Uninsured Motorists	1,000,000	any one accident
Comprehensive	Cash Value	250/1,000 deductible
Collision	Cash Value	500/1,000 deductible
General Liability:		
Educational General Liability	3,000,000	each occurrence
Personal and Advertising Injury	3,000,000	each offense
Medical Expense	10,000	each accident
General Aggregate	5,000,000	
Products Aggregate	3,000,000	
Employee Benefits Liability	3,000,000	2,500 Deductible
Aggregate	5,000,000	
Employers' Liability	3,000,000	
Errors and Omissions	3,000,000	
Aggregate	5,000,000	
Employment Practices	3,000,000	
Aggregate	5,000,000	

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been so significant reduction in insurance coverage from fiscal year 2024.

Workers' Compensation

For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

Employee Medical Benefits

The School District has elected to provide employee medical/surgical, dental, and prescription drug benefits through a self-insured plan. The School District pays 85 to 90 percent of the monthly premium depending on the length of time the employee has been with the School District. The School District pays monthly medical/surgical and prescription drug premiums up to \$2,302 for family coverage and up to \$1,164 for single coverage. The School District pays 90 percent of the monthly dental premium for employees which is up to \$82 for family coverage and up to \$31 for single coverage. Medical Benefits Administrators, Inc. serves as claims servicer for this coverage. The claims liability of \$383,000 reported in the internal service fund at June 30, 2024, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, 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.

Rolling Hills Local School District, Ohio

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

Changes in the fund's claims liability amount in fiscal years 2023 and 2024 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2023	\$300,308	\$2,063,450	\$1,997,758	\$366,000
2024	366,000	2,543,369 (1)	2,526,369	383,000
(1) Claims Expense		\$2,476,458		
Increase in Stop Loss Reimbursement Receivable		66,911		
Current Year Claims			<u>\$2,543,369</u>	

Note 12 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

Rolling Hills Local School District, Ohio

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year-ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

Rolling Hills Local School District, Ohio

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

The School District's contractually required contribution to SERS was \$398,174 for fiscal year 2024. Of this amount, \$123,170 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries.

STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on the final average salary multiplied by a percentage that varies based on years of service.

Effective August 1, 2015, the calculation is 2.2 percent of the final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. 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 34 years of service credit at any age.

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

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

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

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For the Fiscal Year Ended June 30, 2024*

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,118,749 for fiscal year 2024. Of this amount, \$154,405 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.066932600%	0.060092480%	
Prior Measurement Date	0.070036400%	0.061506860%	
Change in Proportionate Share	-0.003103800%	-0.001414380%	
Proportionate Share of the Net			
Pension Liability	\$3,698,371	\$12,940,879	\$16,639,250
Pension Expense	\$309,672	\$738,421	\$1,048,093

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

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Notes to the Basic Financial Statements
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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$158,964	\$471,798	\$630,762
Changes of assumptions	26,197	1,065,751	1,091,948
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	38,074	38,074
School District contributions subsequent to the measurement date	<u>398,174</u>	<u>1,118,749</u>	<u>1,516,923</u>
Total Deferred Outflows of Resources	<u><u>\$583,335</u></u>	<u><u>\$2,694,372</u></u>	<u><u>\$3,277,707</u></u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$0	\$28,716	\$28,716
Changes of assumptions	0	802,205	802,205
Net difference between projected and actual earnings on pension plan investments	51,984	38,784	90,768
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	<u>170,855</u>	<u>662,804</u>	<u>833,659</u>
Total Deferred Inflows of Resources	<u><u>\$222,839</u></u>	<u><u>\$1,532,509</u></u>	<u><u>\$1,755,348</u></u>

\$1,516,923 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$72,299)	(\$396,983)	(\$469,282)
2026	(179,543)	(643,930)	(823,473)
2027	211,410	1,219,404	1,430,814
2028	<u>2,754</u>	<u>(135,377)</u>	<u>(132,623)</u>
Total	<u><u>(\$37,678)</u></u>	<u><u>\$43,114</u></u>	<u><u>\$5,436</u></u>

Actuarial Assumptions - SERS

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

Rolling Hills Local School District, Ohio

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

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

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

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

<u>June 30, 2023</u>	
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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

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

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$5,458,606	\$3,698,371	\$2,215,708

Actuarial Assumptions – STRS

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

	June 30, 2023
Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Rolling Hills Local School District, Ohio

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$19,900,206	\$12,940,879	\$7,055,191

Note 13 - Defined Benefit OPEB Plans

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

Plan Description - School Employees Retirement System (SERS)

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

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

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

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Funding Policy - State statute permits SERS to fund healthcare benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$46,937.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$46,937 for fiscal year 2024; all are reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

Rolling Hills Local School District, Ohio

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	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.068407000%	0.060092480%	
Prior Measurement Date	<u>0.071563800%</u>	<u>0.061506860%</u>	
Change in Proportionate Share	<u>-0.003156800%</u>	<u>-0.001414380%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,126,967	\$0	\$1,126,967
Net OPEB (Asset)	\$0	(\$1,168,715)	(\$1,168,715)
OPEB Expense	(\$106,129)	(\$61,135)	(\$167,264)

At June 30, 2024, the School District's 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	\$2,348	\$1,822	\$4,170
Changes of assumptions	381,061	172,169	553,230
Net difference between projected and actual earnings on OPEB plan investments	8,735	2,086	10,821
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	62,685	11,614	74,299
School District contributions subsequent to the measurement date	<u>46,937</u>	<u>0</u>	<u>46,937</u>
Total Deferred Outflows of Resources	<u>\$501,766</u>	<u>\$187,691</u>	<u>\$689,457</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$581,219	\$178,257	\$759,476
Changes of assumptions	320,070	771,102	1,091,172
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>223,886</u>	<u>3,927</u>	<u>227,813</u>
Total Deferred Inflows of Resources	<u>\$1,125,175</u>	<u>\$953,286</u>	<u>\$2,078,461</u>

\$46,937 reported as deferred outflows of resources related to OPEB resulting from School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability, or an addition to the net OPEB asset, in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$197,046)	(\$340,448)	(\$537,494)
2026	(165,108)	(157,878)	(322,986)
2027	(102,086)	(59,034)	(161,120)
2028	(74,959)	(80,105)	(155,064)
2029	(66,259)	(73,302)	(139,561)
Thereafter	<u>(64,888)</u>	<u>(54,828)</u>	<u>(119,716)</u>
Total	<u><u>(\$670,346)</u></u>	<u><u>(\$765,595)</u></u>	<u><u>(\$1,435,941)</u></u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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June 30, 2023

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate,	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members was based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females.

Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board 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 long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The 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.

Rolling Hills Local School District, Ohio

Notes to the Basic Financial Statements

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The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,440,587	\$1,126,967	\$879,666
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$827,944	\$1,126,967	\$1,523,214

Actuarial Assumptions – STRS

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

Rolling Hills Local School District, Ohio

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

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

For 2023, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

Rolling Hills Local School District, Ohio

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$989,165)	(\$1,168,715)	(\$1,325,085)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,332,342)	(\$1,168,715)	(\$971,631)

Note 14 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work on a twelve-month contract, earn ten to thirty days of vacation per year, depending upon length of service. Vacation can be accumulated to one year's worth of accrual plus ten days. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers, administrators, and classified employees who are contracted to work less than 260 days per year do not earn vacation time.

Teachers and administrators earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Sick leave may be accumulated up to a maximum of 265 days for classified employees and administrative personnel and 265 days for certified employees. Upon retirement, all employees receive payment for one-fourth of their total sick leave accumulation.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to all full-time employees through Grady Benefits in the amount of \$50,000.

Retirement Incentive Benefit

Rolling Hills Local School District offered a retirement incentive for any employee who retired in their first year of eligibility for fiscal year ending 2024 and 2025. Qualified employees would be paid in monthly installments of their severance package over the following 5 years. The total cost of the retirement incentive was \$409,789. During fiscal year 2024, no payments were paid, leaving an outstanding balance at June 30, 2024 of \$409,789, with \$61,468 due in one year.

Rolling Hills Local School District, Ohio

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

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2024 were as follows:

	Principal Outstanding 06/30/2023	Additions	Principal Outstanding 06/30/2024	Amounts Due in One Year
Governmental Activities:				
2010 Energy Conservation Notes:				
Term Notes 2.0% - 4.15%	\$120,000	\$0	\$60,000	\$60,000
Term Note Premium	2,583	0	2,583	0
Total Notes	122,583	0	62,583	60,000
Direct Placement Series:				
2021 Certificates of Participation:				
Serial - \$15,015,000 @ 3.00-5.00%	13,875,000	0	565,000	13,310,000
Term - \$13,610,000 @ 2.125-3.00%	13,610,000	0	0	13,610,000
Premium	2,168,347	0	77,441	2,090,906
Total Certificates of Participation	29,653,347	0	642,441	29,010,906
2023 Certificates of Participation:				
Serial - \$15,015,000 @ 3.00-5.00%	795,000	0	100,000	695,000
Term - \$13,610,000 @ 2.125-3.00%	3,205,000	0	0	3,205,000
Premium	184,172	0	6,578	177,594
Total Certificates of Participation	4,184,172	0	106,578	4,077,594
Subscriptions Payable - GASB 96	0	130,510	130,510	0
Net Pension Liability:				
STRS	13,673,052	0	732,173	12,940,879
SERS	3,788,114	0	89,743	3,698,371
Total Net Pension Liability	17,461,166	0	821,916	16,639,250
Net OPEB Liability:				
SERS	1,004,765	122,202	0	1,126,967
Compensated Absences Payable	996,740	183,343	125,250	1,054,833
Retirement Incentive	0	409,789	0	409,789
Total Governmental Activities	\$53,422,773	\$845,844	\$1,889,278	\$52,379,339
Long-Term Liabilities	\$53,422,773	\$845,844	\$1,889,278	\$952,676

2010 Energy Conservation Notes – On March 11, 2010, Rolling Hills Local School District issued \$707,824 of general obligation notes, pursuant to House Bill 264. The notes were issued to finance an energy conservation project. The notes were issued at 2.0 – 4.15 percent interest rate. The issuance of the notes included a \$38,772 premium that will be amortized over the life of the issue, with a final maturity at December 1, 2024. \$2,373 in issuance costs were previously expensed. As part of the note issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of Aa3 from Moody's Investors Service for the note issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the Ohio Department of Education will make the sufficient payment.

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*Notes to the Basic Financial Statements
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The Current Interest Term Notes matured on December 1, 2024, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts. The remaining principal amount of such Current Interest Term Notes of \$60,000 was paid at stated maturity on December 1, 2024.

The Current Interest Notes maturing on or after December 1, 2020, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after June 1, 2020, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Principal and Interest requirements to retire the remaining outstanding notes for the 2010 Energy Conservation Notes outstanding at June 30, 2024, are as follows:

Fiscal Year	Term Notes	
	Principal	Interest
2025	\$60,000	\$1,245

2021 Certificates of Participation - On July 7, 2021, the School District issued \$28,625,000 in Certificates of Participation (COPs) which include serial and term certificates in the amount of \$15,015,000 and \$13,610,000, respectively. The COPs were issued as part of the local share of the Classroom Facilities Assistance Program and also the Locally Funded Initiatives. The COPs issuance included a premium of \$2,323,229, which will be amortized over the life of the COPs. The amount amortized for fiscal year 2022 was \$77,441. Issuance costs in the amount of \$675,111 are expensed during fiscal year 2022. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Buckeye Leasing Services Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term expiring June 30, 2022 which includes the right to renew for 29 successive one- year terms through March 1, 2051 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 2.125 to 5.00 percent. The School District has the option to purchase the project facilities on any lease payment date by paying the amount necessary to defease the indenture. At June 30, 2024, \$14,298,453 of the COPs issue remain unspent.

Upon the occurrence of an Event of Default by the Lessee (School District), the Lessor (Buckeye Leasing Services Corporation) has the following remedies

1. The Lessor may request the Lessee to promptly return possession of the Leased Real Property to the Lessor or, at the Lessor's option, the Lessor may enter upon the Leased Real Property and take immediate possession of and remove personal property constituting Leased Real Property;
2. The Lessor may sublease the Leased Real Property for the account of the Lessee, and hold the Lessee liable for all lease payments and other payments due prior to the effective date of the sublease and for the difference between the rental and other amounts paid by the sublease pursuant to such sublease and the amounts payable by the Lessee pursuant to the Lease during the then-current Lease Term; and
3. The Lessor may exercise any other right, remedy, or privilege available under Ohio or any other applicable law, or proceed by appropriate court action to enforce the terms of the Lease or rescind the Lease or recover damages.

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*Notes to the Basic Financial Statements
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The Term Certificates maturing on March 1, 2042 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Date	Principal Amount to be Redeemed
2041	\$1,085,000

The remaining principal amount of such Term Certificates (\$1,110,000) will be paid at stated maturity on March 1, 2042.

The Term Certificates maturing on March 1, 2045 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Date	Principal Amount to be Redeemed
2043	\$1,135,000
2044	1,170,000

The remaining principal amount of such Term Certificates (\$1,210,000) will be paid at stated maturity on March 1, 2045.

The Term Certificates maturing on March 1, 2051 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Date	Principal Amount to be Redeemed
2046	\$1,240,000
2047	1,270,000
2048	1,300,000
2049	1,330,000
2050	1,365,000

The remaining principal amount of such Term Certificates (\$1,395,000) will be paid at stated maturity on March 1, 2045.

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*Notes to the Basic Financial Statements
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Annual base rent requirements to retire the certificates of participation outstanding at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$590,000	\$835,919	\$1,425,919
2026	625,000	806,419	1,431,419
2027	655,000	775,169	1,430,169
2028	690,000	742,419	1,432,419
2029	725,000	707,919	1,432,919
2030-2034	4,130,000	3,010,895	7,140,895
2035-2039	4,835,000	2,301,295	7,136,295
2040-2044	5,560,000	1,580,000	7,140,000
2045-2049	6,350,000	794,874	7,144,874
2050-2051	2,760,000	98,681	2,858,681
Total	<u>\$26,920,000</u>	<u>\$11,653,590</u>	<u>\$38,573,590</u>

2023 Certificates of Participation - On July 1, 2022, the School District issued \$4,190,750 in Certificates of Participation (COPs) which include serial and term certificates in the amount of \$795,000 and \$3,205,000, respectively. The COPs were issued as part of the local share of the Classroom Facilities Assistance Program and also the Locally Funded Initiatives. The COPs issuance included a premium of \$190,750, which will be amortized over the life of the COPs. The amount amortized for fiscal year 2023 was \$6,578. Issuance costs in the amount of \$174,653 are expensed during fiscal year 2023. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Buckeye Leasing Services Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term expiring June 30, 2023 which includes the right to renew for 28 successive one- year terms through March 1, 2051 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 4.00 to 5.50 percent. The School District has the option to purchase the project facilities on any lease payment date by paying the amount necessary to defease the indenture. At June 30, 2024, \$4,000,000 of the COPs issue remain unspent.

Upon the occurrence of an Event of Default by the Lessee (School District), the Lessor (Buckeye Leasing Services Corporation) has the following remedies

1. The Lessor may request the Lessee to promptly return possession of the Leased Real Property to the Lessor or, at the Lessor's option, the Lessor may enter upon the Leased Real Property and take immediate possession of and remove personal property constituting Leased Real Property;
2. The Lessor may sublease the Leased Real Property for the account of the Lessee, and hold the Lessee liable for all lease payments and other payments due prior to the effective date of the sublease and for the difference between the rental and other amounts paid by the sublease pursuant to such sublease and the amounts payable by the Lessee pursuant to the Lease during the then-current Lease Term; and
3. The Lessor may exercise any other right, remedy, or privilege available under Ohio or any other applicable law, or proceed by appropriate court action to enforce the terms of the Lease or rescind the Lease or recover damages.

Rolling Hills Local School District, Ohio

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The Term Certificates maturing on March 1, 2034 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Date	Principal Amount to be Redeemed
2033	\$105,000

The remaining principal amount of such Term Certificates (\$110,000) will be paid at stated maturity on March 1, 2034.

The Term Certificates maturing on March 1, 2036 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Date	Principal Amount to be Redeemed
2035	\$120,000

The remaining principal amount of such Term Certificates (\$125,000) will be paid at stated maturity on March 1, 2036.

The Term Certificates maturing on March 1, 2038 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Date	Principal Amount to be Redeemed
2037	\$130,000

The remaining principal amount of such Term Certificates (\$135,000) will be paid at stated maturity on March 1, 2038.

The Term Certificates maturing on March 1, 2040 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Date	Principal Amount to be Redeemed
2039	\$140,000

The remaining principal amount of such Term Certificates (\$145,000) will be paid at stated maturity on March 1, 2040.

The Term Certificates maturing on March 1, 2046 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

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Date	Principal Amount to be Redeemed
2041	\$150,000
2042	160,000
2043	170,000
2044	175,000
2045	185,000

The remaining principal amount of such Term Certificates (\$195,000) will be paid at stated maturity on March 1, 2046.

The Term Certificates maturing on March 1, 2051 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Date	Principal Amount to be Redeemed
2047	\$210,000
2048	220,000
2049	230,000
2050	245,000

The remaining principal amount of such Term Certificates (\$255,000) will be paid at stated maturity on March 1, 2051.

Annual base rent requirements to retire the certificates of participation outstanding at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$75,000	\$199,400	\$274,400
2026	75,000	195,650	270,650
2027	80,000	191,900	271,900
2028	85,000	187,900	272,900
2029	90,000	183,650	273,650
2030-2034	505,000	847,250	1,352,250
2035-2039	650,000	718,514	1,368,514
2040-2044	800,000	558,092	1,358,092
2045-2049	1,040,000	315,426	1,355,426
2050-2051	500,000	41,518	541,518
Total	<u><u>\$3,900,000</u></u>	<u><u>\$3,439,300</u></u>	<u><u>\$7,339,300</u></u>

The overall debt margin of the School District as of June 30, 2024, was \$33,753,453, with an unvoted debt margin of \$375,038.

Subscriptions Payable

The School District leased subscription textbooks which were booked as subscriptions payable due to the implementation of GASB Statement No. 96, these subscriptions, have met the criteria of subscriptions thus requiring them to be recorded by the School District. The entire subscription was paid during fiscal year 2024. Therefore, there was no outstanding subscriptions payable at year-end. These subscriptions were paid from the General Fund and Elementary and Secondary School Emergency Relief (ESSER) Fund.

Rolling Hills Local School District, Ohio

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Other Long-Term Liabilities

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: the General Fund and the Food Service, District Managed Activities, Student Wellness and Success, 21st Century Learning, IDEA Part B, Elementary and Secondary School Emergency Relief, Miscellaneous State Grants, and Title I Special Revenue Funds. For more information on the net pension/OPEB liability, see Notes 12 and 13.

Compensated Absences will be paid from the General Fund and the Food Service Special Revenue Fund.

The retirement incentive is only offered to certified staff, and will be paid by the General Fund. See Note 14 for description of the retirement incentive.

Note 16 - Interfund Activity

Transfers

During fiscal year 2024, the General Fund made various transfers as follows:

- \$225,000 to the Food Service Fund as part of the local share requirement for the Food Service Program.
- \$2,425 to the Miscellaneous Local Share Fund as part of the local share requirement of the TANF Afterschool Project Demonstration Grant.
- \$161,781 to the Classroom Facilities Maintenance Special Revenue Fund as required by the Classroom Facilities Assistance Program.
- \$250,000 to the District Managed Activities Special Revenue Fund to support the athletic and music programs of the School District.
- \$63,735 to the Bond Retirement Debt Service Fund for debt service payments on the Energy Conservation Notes.

Interfund Balances

Interfund receivables and payables at June 30, 2024, consist of the following individual balances, representing \$615,833 due to the General Fund. The payable in the District Managed Activities Special Revenue Fund is the result of a prior year advance that will be repaid when resources are available. The remainder of the payables are the result of short-term interfund loans needed for operations until the receipt of grant monies.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$615,833	\$0
Nonmajor Special Revenue Funds:		
District Managed Activities	0	5,279
Elementary and Secondary School Emergency Relief	0	520,984
Idea B	0	37,058
Title I	0	28,992
Title IV-A	0	8,439
Improving Teacher Quality	0	9,749
Miscellaneous Federal Grants	0	5,332
Total All Funds	<u>\$615,833</u>	<u>\$615,833</u>

Rolling Hills Local School District, Ohio

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Note 17 - Jointly Governed Organizations

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments

The Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA) was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a Board comprising a representative from each participating school district. The Board exercises total control over the operations of OME-RESA including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2024, the total amount paid to OME-RESA from the School District was \$71,351 for technology services and financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Mid-East Career and Technology Centers

The Mid-East Career and Technology Centers (Center) is a jointly governed organization providing vocational services to its thirteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district's boards. The Board exercises total control over the operations of Mid-East Career and Technology Centers including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The continued existence of the Center is not dependent on the School District's continued participating and no equity interest exists. During fiscal year 2024, the School District made a payment of \$65 to the Center. To obtain financial information write to the Mid-East Career and Technology Centers at 400 Richards Road, Zanesville, Ohio 43701.

Coalition of Rural and Appalachian Schools

Coalition of Rural and Appalachian Schools (CORAS) – The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of 120 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The CORAS is operated by a nineteen-member board composed of one elected and one appointed (one appointed seat is empty) from each of the eight regions into which the 32 Appalachian counties are divided, one dean appointment from the Ohio University College of Education, and three ex-officio members. The board exercises total control over the operations of the CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The CORAS provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The CORAS is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the CORAS. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

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For the Fiscal Year Ended June 30, 2024*

The Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2024, the School District made payment of \$735 for dues. To obtain financial information write to Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

Note 18 - Insurance Purchasing Pools

Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Note 19 - Set-Asides

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

Rolling Hills Local School District, Ohio

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

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

	<u>Capital Improvements</u>
Set-Aside Restricted Balance as of as of June 30, 2023	\$0
Current Year Set-Aside Requirement	399,800
Current Year Qualifying Expenditures	<u>(873,219)</u>
Totals	<u><u>(\$473,419)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

The School District had qualifying expenditures during the fiscal year that reduced the capital set-aside amount below zero. The excess set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

Note 20 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2024 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

At June 30, 2024, the School District had no pending litigation.

Oil/Gas Agreement

Rolling Hills Local School District School Board has entered into several “Paid-Up” Oil and Gas Agreements. Royalties are paid for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products. As of the date of the financial statements, the value of any potential royalties cannot be determined.

Rolling Hills Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

The School District entered into several “Paid-Up” Oil and Gas Agreements in 2024. During 2024, the School District received \$567,348 in agreement bonus payments.

Note 21 - COVID-19

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

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Rolling Hills Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years**

	2024	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.06693260%	0.07003640%	0.07322100%	0.06967740%	0.06868110%
School District's Proportionate Share of the Net Pension Liability	\$3,698,371	\$3,788,114	\$2,701,641	\$4,608,610	\$4,109,311
School District's Covered Payroll	\$2,774,721	\$2,564,114	\$2,956,050	\$2,449,336	\$2,432,963
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	133.29%	147.74%	91.39%	188.16%	168.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
0.07186660%	0.07280850%	0.06934300%	0.06980040%	0.07366000%
\$4,115,933	\$4,350,147	\$5,075,268	\$3,982,878	\$3,727,891
\$2,355,785	\$2,324,107	\$2,149,457	\$2,123,126	\$2,220,260
174.72%	187.17%	236.12%	187.59%	167.90%
71.36%	69.50%	62.98%	69.16%	71.70%

Rolling Hills Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years**

	2024	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.060092480%	0.061506860%	0.064384369%	0.063759870%	0.06540461%
School District's Proportionate Share of the Net Pension Liability	\$12,940,879	\$13,673,052	\$8,232,120	\$15,427,620	\$14,463,836
School District's Covered Payroll	\$8,223,957	\$7,949,650	\$7,999,107	\$7,714,371	\$7,691,036
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	157.36%	172.00%	102.91%	199.99%	188.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%	74.40%

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
0.06685242%	0.06641981%	0.06677895%	0.06743390%	0.06928232%
\$14,699,346	\$15,778,168	\$22,352,927	\$18,636,758	\$16,851,858
\$7,632,271	\$7,363,636	\$7,051,464	\$7,035,600	\$7,026,008
192.59%	214.27%	317.00%	264.89%	239.85%
77.30%	75.30%	66.80%	72.10%	74.70%

Rolling Hills Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Eight Fiscal Years (1) **

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.06840700%	0.07156380%	0.07530320%	0.07151470%
School District's Proportionate Share of the Net OPEB Liability	\$1,126,967	\$1,004,765	\$1,425,175	\$1,554,248
School District's Covered Payroll	\$2,774,721	\$2,564,114	\$2,956,050	\$2,449,336
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.62%	39.19%	48.21%	63.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.07039410%	0.07256850%	0.07369650%	0.07007270%
\$1,770,264	\$2,013,246	\$1,977,820	\$1,997,331
\$2,432,963	\$2,355,785	\$2,324,107	\$2,149,457
72.76%	85.46%	85.10%	92.92%
15.57%	13.57%	12.46%	11.49%

Rolling Hills Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
*Last Eight Fiscal Years (1)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
School District's Proportion of the Net OPEB (Asset) Liability	0.060092480%	0.061506860%	0.064384369%	0.063759870%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,168,715)	(\$1,592,615)	(\$1,357,491)	(\$1,120,579)
School District's Covered Payroll	\$8,223,957	\$7,949,650	\$7,999,107	\$7,714,371
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.21%	-20.03%	-16.97%	-14.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%	182.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each fiscal year.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.06540461%	0.06685242%	0.06641981%	0.06677895%
(\$1,083,258)	(\$1,074,250)	\$2,591,456	\$3,571,356
\$7,691,036	\$7,632,271	\$7,363,636	\$7,051,464
-14.08%	-14.08%	35.19%	50.65%
174.70%	176.00%	47.10%	37.30%

Rolling Hills Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Net Pension Liability					
Contractually Required Contribution	\$398,174	\$388,461	\$358,976	\$413,847	\$342,907
Contributions in Relation to the Contractually Required Contribution	(398,174)	(388,461)	(358,976)	(413,847)	(342,907)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll (1)	\$2,844,100	\$2,774,721	\$2,564,114	\$2,956,050	\$2,449,336
Pension Contributions as a Percentage of Covered Payroll	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>
Net OPEB Liability					
Contractually Required Contribution (2)	\$46,937	\$47,488	\$46,484	\$47,465	\$42,209
Contributions in Relation to the Contractually Required Contribution	(46,937)	(47,488)	(46,484)	(47,465)	(42,209)
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
OPEB Contributions as a Percentage of Covered Payroll	<u><u>1.65%</u></u>	<u><u>1.71%</u></u>	<u><u>1.81%</u></u>	<u><u>1.61%</u></u>	<u><u>1.72%</u></u>
Total Contributions as a Percentage of Covered Payroll (2)	<u><u>15.65%</u></u>	<u><u>15.71%</u></u>	<u><u>15.81%</u></u>	<u><u>15.61%</u></u>	<u><u>15.72%</u></u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
\$328,450	\$318,031	\$325,375	\$300,924	\$279,828
(328,450)	(318,031)	(325,375)	(300,924)	(279,828)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,432,963	\$2,355,785	\$2,324,107	\$2,149,457	\$2,123,126
<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
 \$55,176	 \$49,473	 \$39,300	 \$34,604	 \$53,721
(55,176)	(49,473)	(39,300)	(34,604)	(53,721)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.27%</u>	<u>2.10%</u>	<u>1.69%</u>	<u>1.61%</u>	<u>2.53%</u>
<u>15.77%</u>	<u>15.60%</u>	<u>15.69%</u>	<u>15.61%</u>	<u>15.71%</u>

Rolling Hills Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021	2020
Net Pension Liability					
Contractually Required Contribution	\$1,118,749	\$1,151,354	\$1,112,951	\$1,119,875	\$1,080,012
Contributions in Relation to the Contractually Required Contribution	<u>(1,118,749)</u>	<u>(1,151,354)</u>	<u>(1,112,951)</u>	<u>(1,119,875)</u>	<u>(1,080,012)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
School District Covered Payroll	\$7,991,064	\$8,223,957	\$7,949,650	\$7,999,107	\$7,714,371
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Net OPEB Asset/Liability

Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2015-2024 as STRS did not allocate any employer contributions to postemployment health care. There is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015
\$1,076,745	\$1,068,518	\$1,030,909	\$987,205	\$984,984
(1,076,745)	(1,068,518)	(1,030,909)	(987,205)	(984,984)
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$7,691,036	\$7,632,271	\$7,363,636	\$7,051,464	\$7,035,600
<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>	<u><u>14.00%</u></u>

Rolling Hills Local School District, Ohio

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of-living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Years 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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 was 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.

Amounts reported for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with a fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal years 2017 and prior are presented below:

Rolling Hills Local School District, Ohio

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Years 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustment (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

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

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent 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 percent of rates for males and 100 percent 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.

For fiscal years 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set-back for ages 90 and above. Females younger than age 80 are set back four years, one-year set-back from ages 80 through 89, and no setback from ages 90 and above.

Changes in Benefit Term – STRS Pension

For 2024, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

Rolling Hills Local School District, Ohio

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

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75 percent to 7.45 percent. 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 based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were

Rolling Hills Local School District, Ohio

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

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.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age-based to service-based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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**ROLLING HILLS LOCAL SCHOOL DISTRICT
GUERNSEY COUNTY**

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

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Assistant Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program - Food Donation	10.555	2024	57,295
Cash Assistance:			
National School Breakfast Program	10.553	2023	34,050
	10.553	2024	177,272
National School Lunch Program	10.555	2023	67,624
	10.555	2024	393,392
COVID-19 National School Lunch Program	10.555	2024	42,711
Fresh Fruit and Vegetable Program	10.582	2024	15,036
Total Cash Assistance			<u>730,085</u>
Total Child Nutrition Cluster			<u>787,380</u>
Total U.S. Department of Agriculture			787,380
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	2023 2024	66,710 387,949 <u>454,659</u>
Total Title I Grants to Local Educational Agencies			
Special Education Cluster			
Special Education - Grants to States	84.027A	2023 2024	62,928 338,902 <u>37,081</u>
COVID-19 Special Education - Grants to States	84.027X	2023	438,911
Total Special Education Cluster			
Title V-B Rural and Low Income	84.358	2024	29,309
Supporting Effective Instruction State Grants	84.367A	2023 2024	3,717 48,719 <u>52,436</u>
Total Supporting Effective Instruction State Grants			
Student Support and Academic Enrichment Program	84.424A	2023 2024	1,013 24,999 <u>26,012</u>
Total Student and Academic Enrichment Program			
COVID-19 Education Stabilization Fund:			
COVID-19 ARP Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	2023	93,918
COVID-19 ARP Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	2023 2024	300,279 3,329,211
COVID-19 ARP Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	2023 2024	60 26,885
Total COVID-19 Education Stabilization Fund			<u>3,750,353</u>
Total U.S. Department of Education			4,751,680
Total Expenditures of Federal Awards			<u>5,539,060</u>

The accompanying notes are an integral part of this Schedule.

**ROLLING HILLS LOCAL SCHOOL DISTRICT
GUERNSEY COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

Rolling Hills Local School District
Guernsey County
P.O. Box 38
Byesville, Ohio 43723

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*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rolling Hills Local School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 28, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Rolling Hills Local School District
Guernsey County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2025



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

Rolling Hills Local School District
Guernsey County
P.O. Box 38
Byesville, Ohio 43723

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Rolling Hills Local School District
Guernsey County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 2

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Rolling Hills Local School District
Guernsey County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2025

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ROLLING HILLS LOCAL SCHOOL DISTRICT
GUERNSEY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none">Special Education Cluster – AL #84.027Nutrition Cluster – AL #10.553, 10.555, 10.582	
(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



ROLLING HILLS LOCAL SCHOOL DISTRICT

GUERNSEY 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 3/13/2025

65 East State Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
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