

EAST MUSKINGUM LOCAL
SCHOOL DISTRICT
MUSKINGUM COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025





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Columbus, Ohio 43215
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Board of Education
East Muskingum Local School District
13505 John Glenn School Road
New Concord, OH 43762

We have reviewed the *Independent Auditor's Report* of the East Muskingum Local School District, Muskingum County, prepared by Rea & Associates, Inc., for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Depending on the outcome of the investigation, results may be reported on at a later date.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The East Muskingum Local School District is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

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

March 27, 2026

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East Muskingum Local School District
Muskingum County, Ohio

Table of Contents
June 30, 2025

	<i>Page</i>
Independent Auditor's Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	20
Statement of Fund Net Position – Self-Insurance Internal Service Fund	21
Statement of Revenues, Expenses, and Changes in Fund Net Position – Self-Insurance Internal Service Fund	22
Statement of Cash Flows – Self-Insurance Internal Service Fund	23
Statement of Fiduciary Net Position- Custodial Fund	24
Statement of Changes in Fiduciary Net Position Custodial Fund.....	25
Notes to the Basic Financial Statements.....	26
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability	
School Employees Retirement System of Ohio	68
Schedule of the School District's Proportionate Share of the Net OPEB Liability	
School Employees Retirement System of Ohio	70
Schedule of the School District's Proportionate Share of the Net Pension Liability	

East Muskingum Local School District
Muskingum County, Ohio
Table of Contents (Continued)
June 30, 2025

State Teachers Retirement System of Ohio	72
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability	
State Teachers Retirement System of Ohio	74
Schedule of the School District's Contributions – School Employees Retirement System of Ohio.....	76
Schedule of the School District's Contributions – State Teachers Retirement System of Ohio.....	78
Notes to the Required Supplementary Information.....	80
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	85
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	87
Schedule of Expenditures of Federal Awards	90
Notes to the Schedule of Expenditures of Federal Awards.....	91
Schedule of Findings and Questioned Costs.....	92

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
East Muskingum Local School District
13505 John Glenn School Road
New Concord, Ohio 43762

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Muskingum Local School District, Muskingum County, Ohio, as of June 30, 2025, 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 3, the School District restated its net position resulting from the implementation of GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and other post-employment benefit schedules, as listed in the table of contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations 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 GAAS. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2025 on our consideration of the School District's internal control over financial reporting and on 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.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 29, 2025

East Muskingum Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

The discussion and analysis of the East Muskingum Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2025 are as follows:

- The School District's change in net position increased \$4,877,291 in fiscal year 2025.
- The School District has enhanced safety measures through a grant from the Ohio Attorney General's Office. This funding allowed for the placement of a dedicated School Resource Officer from the Muskingum County Sheriff's Office within the School District. Additionally, the School District provided professional development training to staff focused on overall building and student safety.
- The School District's enrollment decreased slightly from 2,029 students in fiscal year 2024 to 2,019 students in fiscal year 2025.
- At fiscal year end, the School District's long-term obligations consisted of leases payable, compensated absences payable, longevity benefits payable, and net pension and OPEB liabilities.
- Total assets increased from the prior year, primarily driven by significant rises in cash, and property taxes receivable. Cash increases were driven by property taxes revenue and investment/interest earnings. This increase in tax-related revenue and receivables was a direct result of the Muskingum County 2024 reappraisal, which captured unprecedented increases in local housing market values.

Using this Basic Financial Statements Report

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 School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole 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 and also provide information in more detail than the government-wide statements.

East Muskingum Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the various funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2025 fiscal year?"

The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and all 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 net 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 debt service.

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 funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvement Levy Capital Projects Fund.

Governmental Funds Most 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 readily be 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.

East Muskingum Local School District, Ohio*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited*

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The School District's only fund of this type is the Self-Insurance Internal Service Fund. However, the activity of this fund is combined with the Governmental Activities on the entity wide financial statements.

The School District as a Whole

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

Table 1 - Net Position

	Governmental Activities		
	2025	2024	Change
Assets			
Current and Other Assets	\$25,877,889	\$21,299,999	\$4,577,890
Net OPEB Asset	1,353,239	1,446,221	(92,982)
Capital Assets	17,486,229	17,002,808	483,421
Total Assets	44,717,357	39,749,028	4,968,329
Deferred Outflows of Resources			
Pension	3,514,662	3,982,798	(468,136)
OPEB	596,376	736,846	(140,470)
Total Deferred Outflows of Resources	4,111,038	4,719,644	(608,606)
Liabilities			
Current and Other Liabilities	4,526,969	3,758,513	768,456
Long-Term Liabilities:			
Due Within One Year	814,432	104,332	710,100
Due in More Than One Year:			
Net Pension Liability	16,810,515	19,960,993	(3,150,478)
Net OPEB Liability	624,280	1,208,388	(584,108)
Other Amounts	6,251,959	2,015,110	4,236,849
Total Liabilities	29,028,155	27,047,336	1,980,819
Deferred Inflows of Resources			
Property Taxes	6,794,896	5,480,870	1,314,026
Pension	3,254,058	1,726,411	1,527,647
OPEB	2,209,696	2,320,529	(110,833)
Total Deferred Inflows of Resources	12,258,650	9,527,810	2,730,840
Net Position			
Net Investment in Capital Assets	17,251,131	16,913,100	338,031
Restricted	4,370,227	4,040,091	330,136
Unrestricted (Deficit)	(14,079,768)	(13,059,665)	(1,020,103)
Total Net Position	\$7,541,590	\$7,893,526	(\$351,936)

East Muskingum Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

New Accounting Pronouncement/Restatements

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. For 2025, the School District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections*, does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principles.

The implementation of GASB 101 resulted in recognizing additional long-term compensated absences liabilities of \$5,229,227 in governmental activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense (See Note 3).

Governmental Activities

The net pension liability is the largest liability reported by the School District at June 30, 2025. 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.

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

Each year, the above referenced changes impact the balance of the net pension/OPEB asset/liability and the related deferred inflows and outflows. During fiscal year 2025, the net pension liability and the net OPEB asset/liability decreased for both STRS and SERS. These changes primarily resulted from increased investment earnings. The decrease in deferred outflows for pension primarily results from the difference between expected and actual experience amounts recognized in 2025 for STRS, offset by the amortization recognized in the current year for both STRS and SERS. The increase in deferred inflows for pension resulted from the difference between projected and actual earning on investments recognized in the current year offset by the amortization recognized in the current year. For STRS, the net difference between projected and actual earnings on investments for OPEB changed from a net deferred outflow to a net deferred inflow as a result of prior year amortization offset by the deferred inflow amount recognized in 2025. The decrease in the remaining deferred outflows for OPEB resulted primarily from the amortization

East Muskingum Local School District, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited*

of prior year SERS amounts. The decrease in deferred inflows for OPEB resulted from the amortization recognized in the current year exceeding the difference between expected and actual experience amounts, change of assumptions amounts, and the difference between projected and actual earnings on investments amounts, recognized in fiscal year 2025.

Total assets of governmental activities increased. Current and other assets reflected an overall increase mainly due to the increase in cash and cash equivalents by \$2,812,574 from the prior fiscal year, as a result of an increase in property taxes and intergovernmental revenue related to State foundation funding. In fiscal year 2025, assessed property values increased. The School District realized increased property tax collections during the second half of the fiscal year due to Muskingum County's 2024 reappraisal, which began collections in the first half of calendar year 2025. A full year of property tax valuations will be recognized in fiscal year 2026, which increased property taxes receivable. Intergovernmental receivables decreased from the prior fiscal year due to less grant awards in fiscal year 2025, specifically related to miscellaneous federal grants and COVID-19 receivables. The COVID-19 grant funding ended in fiscal year 2024. Capital assets increased due to current year capital asset additions exceeding current year deletions and depreciation/amortization expense. Capital asset additions included items like a new chiller, roof improvements at an elementary building, new equipment, and new vehicles. Capital asset additions also included increases in construction in progress, reflecting the investment in a major roof replacement at the high school and a concession stand/restroom project. These increases were offset by a decrease in the School District's OPEB asset. The School District reflected an OPEB asset in the amount of \$1,353,239. See Note 13 for more information.

Total liabilities increased. Current and other liabilities increased, primarily related to increased medical claims and increases in contracts payable due to ongoing additions and renovation projects within the School District. Accrued wages and benefits payable and intergovernmental payable increased due to increases in salaries and related expenses. Long-term liabilities increased. The increases in other amounts due in more than one year and due in one year liabilities are due to the new implementation process of GASB 101. See Note 3 for more details. The changes in the net pension and OPEB liabilities represent changes in the School District's proportionate share of the STRS and SERS unfunded benefits. Changes in pension / OPEB benefits, contribution rates, and return on investments affect the balance of these liabilities. See Notes 12 and 13 for more information.

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

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East Muskingum Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

Table 2 - Changes in Net Position

	Governmental Activities		
	2025	2024	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$2,068,178	\$2,289,866	(\$221,688)
Operating Grants, Contributions, and Interest	3,308,009	3,946,740	(638,731)
Capital Grants and Contributions	98,451	827,905	(729,454)
Total Program Revenues	5,474,638	7,064,511	(1,589,873)
General Revenues			
Property Taxes	11,893,199	10,384,655	1,508,544
Grants and Entitlements	13,163,401	11,758,014	1,405,387
Investment Earnings/Interest	546,331	434,762	111,569
Donations	17,102	1,228	15,874
Gain on Sale of Capital Assets	3,500	24,600	(21,100)
Miscellaneous	10,633	29,263	(18,630)
Total General Revenues	25,634,166	22,632,522	3,001,644
Total Revenues	31,108,804	29,697,033	1,411,771
Program Expenses			
Instruction			
Regular	11,164,211	11,122,032	42,179
Special	3,757,139	3,671,345	85,794
Vocational	275,231	265,162	10,069
Student Intervention Services	1,168,605	1,053,818	114,787
Support Services			
Pupils	763,399	814,885	(51,486)
Instructional Staff	571,517	405,731	165,786
Board of Education	29,775	42,239	(12,464)
Administration	1,703,638	1,955,881	(252,243)
Fiscal	655,280	781,546	(126,266)
Operation and Maintenance of Plant	2,433,690	2,504,007	(70,317)
Pupil Transportation	1,452,215	1,691,438	(239,223)
Central	264,191	246,991	17,200
Operation of Non-Instructional Services:			
Food Service Operations	1,283,358	1,273,111	10,247
Other	0	13,162	(13,162)
Extracurricular Activities	707,610	795,864	(88,254)
Interest	1,654	0	1,654
Total Expenses	26,231,513	26,637,212	(405,699)
<i>Change in Net Position</i>	4,877,291	3,059,821	1,817,470
Net Position Beginning of Year - as Previously Reported	7,893,526	4,833,705	3,059,821
Restatement - Change in Accounting Principle			
Implementation of GASB 101	(5,229,227)	0	(5,229,227)
Restated Net Position at Beginning of Year	2,664,299	4,833,705	(2,169,406)
Net Position at End of Year	\$7,541,590	\$7,893,526	(\$351,936)

East Muskingum Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

New Accounting Pronouncement/Restatements

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principles. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3.)

Governmental Activities

Net position increased in fiscal year 2025. Overall revenues reflect an increase. Program revenues decreased, while general revenues increased. The general revenues increases are the result of adjustments in property tax revenue and grants and entitlements, due to modifications in public utility taxes and updates to the State Foundation funding equations, respectively, for the current fiscal year. The decrease in program revenues is due to decreases in charges for services and operating and capital grants and contributions compared to the prior year. The decrease in operating and capital grants and contributions was in response to the COVID-19 pandemic funds expiring. Federal pandemic relief funds that were distributed through programs like the Elementary and Secondary School Emergency Relief (ESSER) and the Governor's Emergency Education Relief (GEER) funds, were a major driver of these increases in prior years, supplementing both state and local funding.

The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. As the result of legislation enacted in 1976, the revenue from tax on real property generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Property taxes made up approximately 38 percent of revenues for governmental activities for the School District in fiscal year 2025. The remaining 62 percent of revenues are received through outside sources, such as restricted and unrestricted grants in aid and tuition received from students.

Total instruction comprises approximately 62 percent of governmental program expenses. Of the instructional expenses, approximately 68 percent is for regular instruction, approximately 23 percent is for special instruction, and approximately 9 percent is for vocational instruction and student intervention services.

East Muskingum Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3 - Governmental Activities

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Instruction:				
Regular	\$11,164,211	\$10,893,302	\$11,122,032	\$10,089,280
Special	3,757,139	1,241,299	3,671,345	1,073,416
Vocational	275,231	181,158	265,162	165,696
Student Intervention Services	1,168,605	34,652	1,053,818	57,485
Support Services:				
Pupils	763,399	763,399	814,885	797,829
Instructional Staff	571,517	571,517	405,731	374,924
Board of Education	29,775	29,775	42,239	42,239
Administration	1,703,638	1,703,638	1,955,881	1,955,881
Fiscal	655,280	653,929	781,546	779,380
Operation and Maintenance of Plant	2,433,690	2,361,133	2,504,007	1,785,594
Pupil Transportation	1,452,215	1,444,316	1,691,438	1,655,847
Central	264,191	222,740	246,991	230,146
Operation of Non-Instructional Services:				
Food Service Operations	1,283,358	377,758	1,273,111	134,232
Other	0	0	13,162	1,570
Extracurricular Activities	707,610	276,605	795,864	429,182
Interest	1,654	1,654	0	0
Total Expenses	<u>\$26,231,513</u>	<u>\$20,756,875</u>	<u>\$26,637,212</u>	<u>\$19,572,701</u>

The dependence upon tax revenues and State subsidies for governmental activities is apparent, with approximately 79 percent of the School District's activities being supported through taxes, unrestricted grants and entitlements, and other general revenues.

The School District's Major Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources in the amount of \$33,297,407 and expenditures and other financing uses in the amount of \$30,622,957. The fund balance for all governmental funds at June 30, 2025, is \$12,164,764.

The General Fund had total revenues and other financing sources of \$27,807,058 and expenditures and other financing uses of \$26,937,009. The General Fund's balance at June 30, 2025, increased by \$870,049, as a result of adjustments in State Foundation revenue accompanied by increases in property tax revenues. The General Fund has an ending fund balance of \$7,642,928.

East Muskingum Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

The Permanent Improvement Levy Capital Projects Fund had total revenues and other financing sources of \$1,439,415 and expenditures of \$831,532. The Permanent Improvement Levy Capital Projects Fund's balance at June 30, 2025, increased by \$607,883, due to this net effect of revenues exceeding expenditures, as well as a transfer of \$600,000 from the General Fund for construction and maintenance related projects. The Permanent Improvement Levy Capital Projects Fund has an ending fund balance of \$2,538,581.

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.

For the General Fund, budget basis revenues were \$139,199 higher than final estimates of \$26,906,084. Of this difference, the majority was due to conservative property tax estimates, which was largely offset by optimistic estimates for intergovernmental, and tuition and fees revenues.

Budget basis transfers were \$1,380,000 higher than original estimates due to a permanent improvement levy transfer. Actual expenditures were lower than final estimates due to the School District's conservative spending.

The General Fund unencumbered ending cash balance totaled \$5,436,820, which was \$1,309,701 above the final budgeted amount of \$4,127,119.

Capital Assets and Long-Term Obligations

Capital Assets

At the end of fiscal year 2025, the School District had \$17,486,229 in land; construction in progress; land improvements; buildings and improvements; furniture, fixtures, and equipment; vehicles; and intangible right to use equipment and software, net of depreciation / amortization.

Table 4 shows fiscal year 2025 balances compared to fiscal year 2024 balances.

Table 4 - Capital Assets, Net of Depreciation/Amortization

	Governmental Activities	
	2025	2024
Land	\$238,139	\$238,139
Construction in Progress	517,249	0
Land Improvements	571,555	622,185
Buildings and Improvements	12,383,578	12,810,371
Furniture, Fixtures, and Equipment	2,089,768	1,808,677
Vehicles	1,553,883	1,433,728
Intangible Right to Use - Equipment	54,428	89,708
Intangible Right to Use - Software	77,629	0
Totals	<u>\$17,486,229</u>	<u>\$17,002,808</u>

See Note 10 to the basic financial statements for more detailed information about the School District's capital assets.

East Muskingum Local School District, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

Long-Term Obligations

At June 30, 2025, the School District has a lease payable of \$54,428, with \$36,081 due within one year.

See Note 14 to the basic financial statements for more information on the School District's debt. The net pension liability under GASB 68 and the net OPEB liability under GASB 75 are also reported as a long-term obligation that has been previously disclosed within the management's discussion and analysis.

Economic Factors

Based on the most recent five year forecast adopted by the Board of Education, the School District has a projected excess of revenues over expenditures for fiscal year 2025 in the amount of \$1,299,611 and for fiscal year 2026 in the amount of \$1,027,038. However, a significantly lower excess of \$18,864 is projected for fiscal year 2027, then deficit spending is projected for fiscal year fiscal years 2028 and 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 citizen's, taxpayers, 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 Kandi Raach, Treasurer at East Muskingum Local School District, 13505 John Glenn School Road, New Concord, Ohio 43762, or e-mail at kraach@eastmschools.org.

East Muskingum Local School District, Ohio

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,308,454
Cash and Cash Equivalents in Segregated Accounts	2,820
Accounts Receivable	25,949
Accrued Interest Receivable	43,121
Intergovernmental Receivable	880,890
Inventory Held for Resale	10,706
Materials and Supplies Inventory	265,862
Prepaid Items	102,101
Property Taxes Receivable	12,237,986
Net OPEB Asset	1,353,239
Nondepreciable Capital Assets	762,238
Depreciable Capital Assets, Net	16,723,991
Total Assets	<u>44,717,357</u>
Deferred Outflows of Resources	
Pension	3,514,662
OPEB	596,376
Total Deferred Outflows of Resources	<u>4,111,038</u>
Liabilities	
Accounts Payable	195,646
Accrued Wages and Benefits Payable	2,091,633
Intergovernmental Payable	1,170,080
Matured Compensated Absences Payable	105,678
Contracts Payable	180,670
Unearned Revenue	20,628
Claims Payable	762,634
Long-Term Liabilities:	
Due Within One Year	814,432
Due in More Than One Year:	
Net Pension Liability	16,810,515
Net OPEB Liability	624,280
Other Amounts	6,251,959
Total Liabilities	<u>29,028,155</u>
Deferred Inflows of Resources	
Property Taxes	6,794,896
Pension	3,254,058
OPEB	2,209,696
Total Deferred Inflows of Resources	<u>12,258,650</u>
Net Position	
Net Investment in Capital Assets	17,251,131
Restricted for:	
Food Service Operations	122,335
State Programs	2,644
Capital Projects	2,583,950
Debt Service	85,324
District Managed Activities	123,593
District Managed Student Activities	99,142
OPEB Plan	1,353,239
Unrestricted (Deficit)	<u>(14,079,768)</u>
Total Net Position	<u><u>\$7,541,590</u></u>

See accompanying notes to the basic financial statements

East Muskingum Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$11,164,211	\$193,633	\$69,328	\$7,948	(\$10,893,302)
Special	3,757,139	204,002	2,311,838	0	(1,241,299)
Vocational	275,231	0	94,073	0	(181,158)
Student Intervention Services	1,168,605	1,133,953	0	0	(34,652)
Support Services:					
Pupils	763,399	0	0	0	(763,399)
Instructional Staff	571,517	0	0	0	(571,517)
Board of Education	29,775	0	0	0	(29,775)
Administration	1,703,638	0	0	0	(1,703,638)
Fiscal	655,280	0	0	1,351	(653,929)
Operation and Maintenance of Plant	2,433,690	18,610	16,065	37,882	(2,361,133)
Pupil Transportation	1,452,215	0	0	7,899	(1,444,316)
Central	264,191	4,670	36,781	0	(222,740)
Operation of Non-Instructional Services:					
Food Service Operations	1,283,358	125,676	779,924	0	(377,758)
Extracurricular Activities	707,610	387,634	0	43,371	(276,605)
Interest	1,654	0	0	0	(1,654)
Total Governmental Activities	<u>\$26,231,513</u>	<u>\$2,068,178</u>	<u>\$3,308,009</u>	<u>\$98,451</u>	<u>(20,756,875)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					11,111,950
Capital Outlay					781,249
Grants and Entitlements not					
Restricted to Specific Programs					13,163,401
Investment Earnings/Interest					546,331
Donations not Restricted to Specific Programs					17,102
Gain on Sale of Capital Assets					3,500
Miscellaneous					<u>10,633</u>
Total General Revenues					<u>25,634,166</u>
<i>Change in Net Position</i>					<u>4,877,291</u>
<i>Net Position at Beginning of Year - as Previously Reported</i>					7,893,526
<i>Restatement - Implmentation of GASB 101 - See Note 3</i>					<u>(5,229,227)</u>
<i>Restated Net Position at Beginning of Year</i>					<u>2,664,299</u>
<i>Net Position at End of Year</i>					<u><u>\$7,541,590</u></u>

See accompanying notes to the basic financial statements

East Muskingum Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2025

	General	Permanent Improvement Levy	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,241,648	\$2,227,895	\$2,174,264	\$10,643,807
Cash and Cash Equivalents in Segregated Accounts	0	0	2,820	2,820
Accounts Receivable	14,467	0	11,482	25,949
Intergovernmental Receivable	651,125	0	229,765	880,890
Accrued Interest Receivable	43,121	0	0	43,121
Inventory Held for Resale	0	0	10,706	10,706
Materials and Supplies Inventory	263,761	0	2,101	265,862
Prepaid Items	84,774	9,695	7,632	102,101
Interfund Receivable	98,557	0	0	98,557
Property Taxes Receivable	11,415,919	822,067	0	12,237,986
Total Assets	<u>\$18,813,372</u>	<u>\$3,059,657</u>	<u>\$2,438,770</u>	<u>\$24,311,799</u>
Liabilities				
Matured Compensated Absences Payable	\$88,588	\$0	\$17,090	\$105,678
Accounts Payable	146,405	19,823	29,418	195,646
Accrued Wages and Benefits Payable	1,918,025	0	173,608	2,091,633
Interfund Payable	0	0	98,557	98,557
Contracts Payable	180,670	0	0	180,670
Unearned Revenue	0	0	20,628	20,628
Intergovernmental Payable	1,137,285	0	32,795	1,170,080
Total Liabilities	<u>3,470,973</u>	<u>19,823</u>	<u>372,096</u>	<u>3,862,892</u>
Deferred Inflows of Resources				
Property Taxes	6,339,012	455,884	0	6,794,896
Unavailable Revenue	1,360,459	45,369	83,419	1,489,247
Total Deferred Inflows of Resources	<u>7,699,471</u>	<u>501,253</u>	<u>83,419</u>	<u>8,284,143</u>
Fund Balances				
Nonspendable:				
Materials and Supplies Inventory	263,761	0	2,101	265,862
Prepaid Items	84,774	9,695	7,632	102,101
Restricted for:				
Food Service Operations	0	0	201,146	201,146
Capital Projects	0	2,528,886	0	2,528,886
Debt Service	0	0	85,324	85,324
District Managed Activities	0	0	123,593	123,593
District Managed Student Activities	0	0	99,142	99,142
Committed to:				
Capital Improvements	0	0	1,285,000	1,285,000
Assigned to:				
Purchases on Order	524,473	0	0	524,473
Capital Projects	0	0	250,000	250,000
Public School Support	108,256	0	0	108,256
Unassigned (Deficit)	6,661,664	0	(70,683)	6,590,981
Total Fund Balances	<u>7,642,928</u>	<u>2,538,581</u>	<u>1,983,255</u>	<u>12,164,764</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$18,813,372</u>	<u>\$3,059,657</u>	<u>\$2,438,770</u>	<u>\$24,311,799</u>

See accompanying notes to the basic financial statements

East Muskingum Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2025*

Total Governmental Fund Balances \$12,164,764

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. 17,486,229

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in the funds:

Delinquent Property Taxes	737,417	
Intergovernmental Revenues	90,706	
Investment Earnings/Interest	22,402	
Charges for Services and Sales	10,092	
Tuition and Fees	628,630	
Total	<u>1,489,247</u>	1,489,247

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 on the statement of net position. 902,013

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

Leases Payable	(54,428)	
Compensated Absences	(5,991,604)	
Longevity Benefits Payable	<u>(1,020,359)</u>	
Total		(7,066,391)

The net OPEB asset and 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 governmental funds:

Net OPEB Asset	1,353,239	
Deferred Outflows - Pension	3,514,662	
Deferred Outflows - OPEB	596,376	
Net Pension Liability	(16,810,515)	
Net OPEB Liability	(624,280)	
Deferred Inflows - Pension	(3,254,058)	
Deferred Inflows - OPEB	<u>(2,209,696)</u>	
Total		<u>(17,434,272)</u>

Net Position of Governmental Activities \$7,541,590

See accompanying notes to the basic financial statements

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

	General	Permanent Improvement Levy	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$11,026,959	\$784,335	\$0	\$11,811,294
Intergovernmental	14,512,427	55,080	1,979,532	16,547,039
Investment Earnings/Interest	536,670	0	3,949	540,619
Tuition and Fees	1,586,671	0	0	1,586,671
Extracurricular Activities	44,273	0	343,361	387,634
Rent	18,610	0	0	18,610
Charges for Services and Sales	4,670	0	134,972	139,642
Contributions and Donations	60,473	0	0	60,473
Miscellaneous	12,805	0	9,120	21,925
Total Revenues	<u>27,803,558</u>	<u>839,415</u>	<u>2,470,934</u>	<u>31,113,907</u>
Expenditures				
Current:				
Instruction:				
Regular	10,909,604	83,049	67,370	11,060,023
Special	2,866,353	0	1,037,068	3,903,421
Vocational	282,520	0	0	282,520
Student Intervention Services	1,168,605	0	0	1,168,605
Support Services:				
Pupils	867,657	0	0	867,657
Instructional Staff	584,988	0	0	584,988
Board of Education	32,024	0	0	32,024
Administration	2,027,826	0	0	2,027,826
Fiscal	673,884	20,396	0	694,280
Operation and Maintenance of Plant	3,077,833	571,907	39,852	3,689,592
Pupil Transportation	1,510,993	119,246	0	1,630,239
Central	230,054	0	34,137	264,191
Operation of Non-Instructional Services:				
Food Service Operations	73,206	0	1,344,293	1,417,499
Extracurricular Activities	451,462	0	331,696	783,158
Debt Service:				
Principal Retirement	0	35,280	0	35,280
Interest	0	1,654	0	1,654
Total Expenditures	<u>24,757,009</u>	<u>831,532</u>	<u>2,854,416</u>	<u>28,442,957</u>
Excess of Revenues Over (Under) Expenditures	<u>3,046,549</u>	<u>7,883</u>	<u>(383,482)</u>	<u>2,670,950</u>
Other Financing Sources (Use)				
Transfer In	0	600,000	1,580,000	2,180,000
Proceeds from Sale of Capital Assets	3,500	0	0	3,500
Transfer Out	(2,180,000)	0	0	(2,180,000)
Total Other Financing Sources (Use)	<u>(2,176,500)</u>	<u>600,000</u>	<u>1,580,000</u>	<u>3,500</u>
Net Change in Fund Balances	870,049	607,883	1,196,518	2,674,450
Fund Balances at Beginning of Year	<u>6,772,879</u>	<u>1,930,698</u>	<u>786,737</u>	<u>9,490,314</u>
Fund Balances at End of Year	<u>\$7,642,928</u>	<u>\$2,538,581</u>	<u>\$1,983,255</u>	<u>\$12,164,764</u>

See accompanying notes to the basic financial statements

East Muskingum Local School District, Ohio
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds	\$2,674,450
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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/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:

Capital Asset Additions - Capital Outlay	1,616,715	
Current Year Depreciation/Amortization	<u>(1,133,294)</u>	483,421

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	81,905	
Intergovernmental Revenues	(24,498)	
Investment Earnings/Interest	9,661	
Charges for Services and Sales	(9,296)	
Tuition and Fees	(55,083)	
Miscellaneous	<u>(11,292)</u>	(8,603)

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

Leases	35,280
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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	17,506	
Longevity Benefits Payable	<u>229,492</u>	246,998

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

Pension	1,830,369	
OPEB	<u>46,699</u>	1,877,068

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

Pension	(675,674)	
OPEB	<u>414,790</u>	(260,884)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net change in net position of the internal service fund is reported with governmental activities.

(170,439)

Change in Net Position of Governmental Activities	<u><u>\$4,877,291</u></u>
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See accompanying notes to the basic financial statements

East Muskingum Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$9,100,000	\$10,100,000	\$10,466,652	\$366,652
Intergovernmental	13,213,759	14,613,759	14,505,500	(108,259)
Interest	250,000	350,000	428,085	78,085
Tuition and Fees	1,295,142	1,795,142	1,591,859	(203,283)
Rent	18,260	18,260	18,610	350
Charges for Services	0	0	4,670	4,670
Contributions and Donations	0	0	17,102	17,102
Miscellaneous	28,923	28,923	12,805	(16,118)
Total Revenues	<u>23,906,084</u>	<u>26,906,084</u>	<u>27,045,283</u>	<u>139,199</u>
Expenditures				
Current:				
Instruction:				
Regular	10,811,456	11,344,791	10,837,939	506,852
Special	2,756,615	2,939,664	2,808,328	131,336
Vocational	304,020	307,478	293,741	13,737
Student Intervention Services	954,000	1,202,802	1,149,064	53,738
Support Services:				
Pupils	916,810	887,860	848,193	39,667
Instructional Staff	340,667	607,684	580,534	27,150
Board of Education	46,460	33,841	32,329	1,512
Administration	2,175,348	2,055,580	1,963,743	91,837
Fiscal	662,380	720,707	688,508	32,199
Operation and Maintenance of Plant	2,039,278	3,493,712	3,337,623	156,089
Pupil Transportation	1,512,587	1,816,372	1,735,222	81,150
Central	219,400	238,390	227,739	10,651
Operation of Non-Instructional Services:				
Food Service Operations	0	75,869	72,479	3,390
Extracurricular Activities	367,063	396,043	378,349	17,694
Total Expenditures	<u>23,106,084</u>	<u>26,120,793</u>	<u>24,953,791</u>	<u>1,167,002</u>
Excess of Revenues Over (Under) Expenditures	<u>800,000</u>	<u>785,291</u>	<u>2,091,492</u>	<u>1,306,201</u>
Other Financing Source (Use)				
Proceeds from Sale of Capital Assets	0	0	3,500	3,500
Transfer Out	(800,000)	(2,180,000)	(2,180,000)	0
Total Other Financing Source (Use)	<u>(800,000)</u>	<u>(2,180,000)</u>	<u>(2,176,500)</u>	<u>3,500</u>
Net Change in Fund Balance	0	(1,394,709)	(85,008)	1,309,701
Fund Balance Beginning of Year	5,290,459	5,290,459	5,290,459	0
Prior Year Encumbrances Appropriated	<u>231,369</u>	<u>231,369</u>	<u>231,369</u>	<u>0</u>
Fund Balance End of Year	<u>\$5,521,828</u>	<u>\$4,127,119</u>	<u>\$5,436,820</u>	<u>\$1,309,701</u>

See accompanying notes to the basic financial statements

East Muskingum Local School District, Ohio

Statement of Fund Net Position

Self-Insurance Internal Service Fund

June 30, 2025

	Medical-Dental Insurance
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,664,647
Current Liabilities	
Claims Payable	762,634
Net Position	
Unrestricted	\$902,013

See accompanying notes to the basic financial statements

East Muskingum Local School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2025

	Medical-Dental Insurance
Operating Revenues	
Charges for Services	<u>\$4,066,642</u>
Operating Expenses	
Purchased Services	459,749
Claims	<u>3,777,332</u>
Total Operating Expenses	<u>4,237,081</u>
Operating Loss	(170,439)
Net Position at Beginning of Year	<u>1,072,452</u>
Net Position at End of Year	<u><u>\$902,013</u></u>

See accompanying notes to the basic financial statements

East Muskingum Local School District, Ohio

Statement of Cash Flows

Self-Insurance Internal Service Fund

For the Fiscal Year Ended June 30, 2025

	Medical-Dental Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	\$4,066,642
Cash Payments to Suppliers for Services	(459,749)
Cash Payments for Claims	(3,374,235)
Net Cash Provided by Operating Activities	232,658
Cash and Cash Equivalents Beginning of Year	1,431,989
Cash and Cash Equivalents End of Year	\$1,664,647
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$170,439)
Changes in Liabilities:	
Increase in Claims Payable	403,097
Net Cash Provided by Operating Activities	\$232,658
See accompanying notes to the basic financial statements	

East Muskingum Local School District, Ohio

Statement of Fiduciary Net Position

Custodial Fund

June 30, 2025

	Tournament Account
Assets	
Cash and Cash Equivalents	\$2,889
Liabilities	
Due to OSHAA	2,889
Net Position	
<i>Total Net Position</i>	<u>\$0</u>
See accompanying notes to the basic financial statements	

East Muskingum Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2025

	Tournament Account
Additions	
Charges Received for OHSAA	\$6,698
Deductions	
Distributions on Behalf of OHSAA	6,698
<i>Change in Net Position</i>	0
<i>Net Position Beginning of Year</i>	0
<i>Net Position End of Year</i>	\$0
See accompanying notes to the basic financial statements	

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Note 1 - Description of the School District and Reporting Entity

The East Muskingum Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1958. The School District serves an area of approximately 192 square miles. It is located in Muskingum and Guernsey Counties and includes all of the Village of New Concord, Ohio. The School District is staffed by 96 classified employees, 128 certificated full-time teaching personnel, and 12 administrative employees who provide services to 2,019 students and other community members. The School District currently operates five instructional buildings, one administrative building, and four garage/storage buildings.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the 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 burden on, the primary government. The School District has no component units.

The School District participates in five organizations which are defined as jointly governed organizations and three insurance purchasing pools. These organizations are the Licking Area Computer Association (LACA), Mid-East Career and Technology Centers, the Metropolitan Educational Technology Association (META), the Coalition of Rural and Appalachian Schools (CORAS), the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), the Ohio SchoolComp Workers' Compensation Group Rating Program, the Ohio School Benefits Cooperative, and Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with 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 below.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 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 of the School District 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, does not have any 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

General Fund The General Fund is the operating fund of the School District and is used to account for and report 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.

Permanent Improvement Levy Fund The Permanent Improvement Levy Capital Projects Fund of the School District is used to account for permanent improvement levy proceeds restricted to be used for expenditures of instructional materials and expenditures related to acquiring, constructing, and improving school facilities.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, 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.

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, prescription drug, and dental 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. 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 minimal activity during the fiscal year.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the 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 presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary 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 proprietary funds, 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 activities.

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 60 days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, payments from property taxes (See Note 7) are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the 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, investment earnings/interest, tuition and fees, charges for services, grants, and miscellaneous revenue.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. On governmental fund financial statements, revenue received as of June 30, 2025, for fiscal year 2026 for services and federal grants, has been recorded as unearned revenue.

Deferred Outflows/Inflows of Resources In addition to assets, 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 plans. The deferred outflows of resources related to pension/OPEB are explained in Notes 12 and 13.

In addition to liabilities, statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized 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, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental 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, investment earnings/interest, charges for services and sales, tuition and fees, and intergovernmental revenues. 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 17. 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 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 Investments

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

The School District has a separate bank account for athletic monies. The athletic account monies are kept separate from the School District treasury. This account is presented on the financial statements as "cash and cash equivalents in segregated accounts".

During fiscal year 2025, the School District's investments were limited to money market mutual funds, U.S. Treasury bills, federal securities (including federal home loan mortgage corporation notes), and negotiable certificates of deposits. Investments are reported at fair value.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Under existing Ohio statutes all investment earnings/interest are assigned to the General Fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the General Fund during fiscal year 2025 amounted to \$536,670, which includes \$262,648 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities 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 initial maturity of more than three months not purchased from the pool are reported as investments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, 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 expended/expensed when used. Inventory consists of expendable supplies held for consumption and donated and purchased food held for resale.

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 capital asset groupings (except for intangible right-to-use lease and subscription assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal 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 capital assets by backtrending (i.e. estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year). The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 years
Buildings and Improvements	10-50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	10-15 years

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

The School District is reporting intangible right to use assets related to lease and subscription assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

For the School District, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of sporadic events that affect a relatively small proportion of employees.

A liability for these types of leave is recognized when the leave commences. For the School District this type of leave includes personal leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

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

Longevity Benefits Payable

Longevity benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive this benefit and those the School District has identified as probable of receiving this benefit in the future. The liability for longevity benefits is based on the employees' length of employment with the School District and the employees' annual salary earned at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for this benefit after twenty-five years of service with the School District. The benefit is paid in one lump sum at the time of retirement from the fund and function that pays the employees' salaries. The longevity benefits liability is reported on the government-wide financial statements.

Subscription-Based Information Technology Arrangements (SBITAs)

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable 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 the subscription payments made. The subscription asset is initially measured as the initial amount of the

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 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 not reported as all payments related to the School District's SBITA arrangements were made prior to the commencement of the subscription term. The School District's current SBITA arrangement for software has a six year term, beginning in fiscal year 2025 and ending in fiscal year 2031.

Leases

The School District serves as the lessee in a noncancellable lease which is accounted for as follows:

Lessee At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

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 judgments, compensated absences, and longevity 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Leases are recognized as a liability on the governmental fund financial statements when due.

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.

Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not 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.

Interfund Balances

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

Fund Balance

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

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

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

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has also assigned fund balance for capital projects and public school support.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Unassigned: The 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 a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, and assigned.

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 could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, 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 its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Restricted Net Position for the OPEB plan represent 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 fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Estimates

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

Budgetary Process

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

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed by the Board.

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 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For the School District, GASB Statement No. 101 increased the overall compensated absences liability, and the cumulative effects of the compensated absence-related expenses decreased the beginning net position. This change is separately displayed in the accompanying financial statements.

GASB 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated their concentrations and constraints but did not have any events that required disclosure.

Note 4 - Accountability

The following funds had deficit fund balances as of June 30, 2025:

<u>Special Revenue Funds</u>	<u>Amount</u>
Miscellaneous Federal Grants	\$37,289
Title I Grant	20,479
Early Childhood Education Grant	8,824
Title IV- A Grant	4,091

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.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented 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. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).
4. Prepaid items are reported on the balance sheet (GAAP basis) but not on the budget basis.
5. Fair value adjustments for investments and negative cash advances to other funds are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$870,049
Net Adjustment for Revenue Accruals	(565,358)
Net Adjustment for Expenditure Accruals	344,819
Beginning of Fiscal Year:	
Fair Value Adjustment for Investments	(59,746)
Prepaid Items	220,646
End of Fiscal Year:	
Fair Value Adjustment for Investments	(45,527)
Prepaid Items	(84,774)
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types.	(16,623)
Adjustment for Encumbrances	(748,494)
Budget Basis	<u><u>(\$85,008)</u></u>

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Note 6 - Deposits and Investments

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

Active deposits are public deposits necessary 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 of Education 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;
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;

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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.

Investments

As of June 30, 2025, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Rating	Rating Agency	Percent of Total Investments
Fair Value - Level One Inputs:					
Money Market Mutual Funds	\$2,080,772	Under one year	Aaa-mf	Moody's	19.46%
Fair Value - Level Two Inputs:					
United States Treasury Bills	1,988,823	Under one year	Aa1	Moody's	18.60%
Federal Home Loan Mortgage Corporation Notes	499,695	Under one year	Aa1	Moody's	4.67%
Negotiable Certificates of Deposit	<u>6,125,086</u>	Under five years	Unrated	N/A	<u>57.27%</u>
Total Investments	<u>\$10,694,376</u>				<u>100.00%</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, 2025. All of the School District's investments measured at fair value are valued using other significant observable inputs (Level 2 inputs). The money market mutual funds are 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).

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 sale of negotiable instruments prior to maturity. 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 The credit ratings for the School District's securities are listed above. Ohio law requires that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of securities representing such investments to the treasurer or qualified trustee.

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

Note 7 - Property Taxes and Tax Abatements

Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's 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 year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Muskingum and Guernsey 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, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2025, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected 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, 2025, was \$4,384,859 in the General Fund and \$320,814 in the Permanent Improvement Levy Capital Projects Fund. The amount available as an advance at June 30, 2024, was \$3,824,552 in the General Fund and \$342,058 in the Permanent Improvement Levy Capital Projects 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.

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

	2024 Second- Half Collections		2025 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$334,414,320	83.03%	\$444,279,730	86.46%
Public Utility Personal	68,336,690	16.97%	69,587,820	13.54%
Total	<u>\$402,751,010</u>	<u>100.00%</u>	<u>\$513,867,550</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.31		\$36.01	

The decrease in the tax rate was due to the reduction of bond levy mills needed to meet current bond payment requirements.

Tax Abatements

The School District property taxes were reduced under Enterprise Zone Tax Exemption agreements entered into by Muskingum County with companies within the School District's boundaries. Pursuant to the financing agreements, Muskingum County is being compensated, in part, for lost real property taxes that otherwise would have been due each year. The School District does not share in these payments. The total tax abated amount for the School District was \$94,254 for fiscal year 2025.

Note 8 - Receivables

Receivables at June 30, 2025, consisted of property taxes, intergovernmental, accounts, interfund, and accrued interest. 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 year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditors and recorded as a receivable in the amount of \$737,417 may not be collected in one year. All other receivables are expected to be received within one year.

East Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

A summary of items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities</u>	
IDEA Part B Special Education	\$119,190
State Foundation Adjustments	633,159
Title I-D	68,748
Early Childhood Education	25,625
Miscellaneous Intergovernmental Receivables	17,966
Title II - A	13,019
OneNet	2,644
Title IV - A	539
Total Governmental Activities	<u><u>\$880,890</u></u>

Note 9 - Interfund Balances and Transfers

Interfund Balances

Interfund receivables and payables during the current fiscal year consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Fund:		
General Fund	<u>\$98,557</u>	<u>\$0</u>
Other Nonmajor Governmental Funds:		
Early Childhood Education Grant	0	25,625
Title I Grant	0	26,405
Title II-A Grant	0	5,037
Total Drug Free Grant	0	539
Miscellaneous Federal Grants	<u>0</u>	<u>40,951</u>
Total Other Nonmajor Governmental Funds	<u>0</u>	<u>98,557</u>
Total All Funds	<u><u>\$98,557</u></u>	<u><u>\$98,557</u></u>

The interfund receivables/payables are due to the general fund making advances to other governmental funds to subsidize negative cash balances and while the School District waits on intergovernmental revenues to be receipted. The interfund payables are anticipated to be repaid within one year.

Transfers

The School District transferred \$2,180,000 from the General Fund to the Permanent Improvement Levy, Food Service, Capital Projects Fund; \$600,000, \$330,000, and \$1,250,000 respectively, for construction and maintenance related projects for the School District.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Capital Assets

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

	Balance 06/30/2024	Additions	Reductions	Balance 06/30/2025
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$238,139	\$0	\$0	\$238,139
Land Improvements	6,850	0	0	6,850
Construction in Progress	0	517,249	0	517,249
Total Nondepreciable Capital Assets	244,989	517,249	0	762,238
Depreciable Capital Assets				
Tangible Assets				
Land Improvements	859,610	0	0	859,610
Buildings and Improvements	42,819,829	310,837	0	43,130,666
Furniture, Fixtures, and Equipment	3,228,592	458,243	0	3,686,835
Vehicles	2,691,194	252,757	(615,852)	2,328,099
Total Tangible Assets	49,599,225	1,021,837	(615,852)	50,005,210
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	174,519	0	0	174,519
Subscription Assets				
Intangible Right to Use - Software	0	77,629	0	77,629
Total Intangible Assets	174,519	77,629	0	252,148
Total Depreciable/Amortizable Capital Assets	49,773,744	1,099,466	(615,852)	50,257,358
Less Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(244,275)	(50,630)	0	(294,905)
Buildings and Improvements	(30,009,458)	(737,630)	0	(30,747,088)
Furniture, Fixtures, and Equipment	(1,419,915)	(177,152)	0	(1,597,067)
Vehicles	(1,257,466)	(132,602)	615,852	(774,216)
Total Depreciation	(32,931,114)	(1,098,014)	615,852	(33,413,276)
Intangible Right to Use - Equipment	(84,811)	(35,280)	0	(120,091)
Total Accumulated Depreciation/Amortization	(33,015,925)	(1,133,294) *	615,852	(33,533,367)
Total Depreciable Capital Assets, Net	16,757,819	(33,828)	0	16,723,991
Governmental Activities Capital Assets, Net	\$17,002,808	\$483,421	\$0	\$17,486,229

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

* Depreciation/Amortization expense was charged to governmental functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Instruction:			
Regular	\$699,444	\$35,280	\$734,724
Special	2,100	0	2,100
Vocational	2,477	0	2,477
Support Services:			
Administration	2,108	0	2,108
Fiscal	4,000	0	4,000
Operation and Maintenance of Plant	182,490	0	182,490
Pupil Transportation	124,127	0	124,127
Food Service Operations	4,854	0	4,854
Extracurricular Activities	76,414	0	76,414
Total	<u>\$1,098,014</u>	<u>\$35,280</u>	<u>\$1,133,294</u>

Note 11 - Risk Management

Property and Liability

The School District was exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with the Schools of Ohio Risk Sharing Authority (SORSA) for the following commercial coverage:

- Property and equipment breakdown
- Crime
- General liability
- Educators' Legal
- Automobile liability

Blanket property and equipment coverage for fiscal year 2025 was \$350,000,000. The deductible was \$5,000. Crime coverage had a limit of \$1,000,000 per loss with a \$1,000 deductible. General liability coverage included a \$17,000,000 aggregate limit and no deductible. Educators' legal liability coverage included a \$15,000,000 aggregate with a \$10,000 deductible. Automobile liability coverage included liability, medical payments, uninsured motorists, underinsured motorists, comprehensive, and collision. Auto liability had a \$15,000,000 combined single limit of liability and no deductible.

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

Workers' Compensation

The School District participates in the workers' compensation program provided by the State of Ohio. The School District participates in the Ohio SchoolComp Workers' Compensation Group Rating Program (Program), an insurance purchasing pool (Note 19). The Program is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for participants.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

The participating school districts continue to pay their own premiums and have the opportunity to receive premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a premium refund or assessment. The total premium for the entire group is the standard premium of the group.

Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Comp Management, Inc., a Sedgwick Company, serves as the third party administrator of the Program and provides administrative, cost control, and actuarial services. Each year, the School District pays an enrollment fee to the Program to cover the cost of administering the Program.

The School District may withdraw from the Program if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Program prior to withdrawal.

Employee Medical/Surgical and Dental Benefits

The School District offers two medical/surgical insurance plans and one dental insurance plan to employees covered through the Self-Insurance Internal Service Fund. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The Board of Education pays a maximum of \$2,234.97 of the medical/surgical premiums for family coverage on both medical/surgical plans. The Board of Education pays a maximum of \$960.25 for single coverage on either medical/surgical plan, respectively. The Board of Education pays a maximum of \$80 of dental premiums for family coverage and \$40 for single coverage. The medical/surgical and dental premiums are paid from the fund that pays the salary of the covered employee. The claims liability of \$762,634 reported in the Self-Insurance Internal Service Fund at June 30, 2025, 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. The School District purchases an aggregate stop-loss coverage policy in the amount of \$4,288,364. In addition, the School District has contracted for excess stop-loss coverage, with a maximum allowable covered expense per individual of \$100,000 annually.

Changes in the fund's claims liability amount in fiscal years 2025 and 2024 were:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claim Payments	Balance at End of Fiscal Year
2024	\$273,979	\$3,639,907	\$3,554,349	\$359,537
2025	359,537	3,777,332	3,374,235	762,634

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 (Asset)

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, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The 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 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.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 2024.

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, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$400,585 for fiscal year 2025. Of this amount, \$52,045 is reported as an intergovernmental payable.

East Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

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

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

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

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

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

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

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

The School District's contractually required contribution to STRS was \$1,429,784 for fiscal year 2025. Of this amount, \$254,765 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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06026620%	0.07134296%	
Prior Measurement Date	0.07143930%	0.07436103%	
Change in Proportionate Share	-0.01117310%	-0.00301807%	
			Total
Proportionate Share of the Net			
Pension Liability	\$3,082,976	\$13,727,539	\$16,810,515
Pension Expense	\$71,286	\$604,388	\$675,674

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

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$117,706	\$864,476	\$982,182
Changes of assumptions	27,579	632,641	660,220
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	41,891	41,891
School District contributions subsequent to the measurement date	400,585	1,429,784	1,830,369
Total Deferred Outflows of Resources	\$545,870	\$2,968,792	\$3,514,662
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$7,517	\$7,517
Changes of assumptions	0	476,197	476,197
Net difference between projected and actual earnings on pension plan investments	192,838	1,180,289	1,373,127
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	576,359	820,858	1,397,217
Total Deferred Inflows of Resources	\$769,197	\$2,484,861	\$3,254,058

\$1,830,369 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$388,163)	(\$977,701)	(\$1,365,864)
2027	(22,272)	1,024,941	1,002,669
2028	(156,772)	(583,486)	(740,258)
2029	(56,705)	(409,607)	(466,312)
Total	(\$623,912)	(\$945,853)	(\$1,569,765)

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.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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, 2024, are presented below:

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

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017, with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

East Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,716,526	\$3,082,976	\$1,707,614

Actuarial Assumptions - STRS

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

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

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

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

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

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
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 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$22,144,925	\$13,727,539	\$6,607,875

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2025, there are two employees who have elected Social Security. The Board of Education's liability is 6.2 percent of wages paid.

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.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$46,699.

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 \$46,699 for fiscal year 2025. Of this amount, \$46,699 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent 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:

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	SERS	STRS	
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.06129430%	0.07134296%	
Prior Measurement Date	0.07334920%	0.07436103%	
Change in Proportionate Share	-0.01205490%	-0.00301807%	
			Total
Proportionate Share of the:			
Net OPEB Liability	\$624,280	\$0	\$624,280
Net OPEB Asset	\$0	\$1,353,239	\$1,353,239
OPEB Expense	(\$116,877)	(\$297,913)	(\$414,790)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$58,828	\$58,828
Changes of assumptions	267,941	166,566	434,507
Net difference between projected and actual earnings on OPEB plan investments	3,048	0	3,048
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	27,587	25,707	53,294
School District contributions subsequent to the measurement date	46,699	0	46,699
Total Deferred Outflows of Resources	\$345,275	\$251,101	\$596,376
Deferred Inflows of Resources			
Differences between expected and actual experience	\$673,135	\$145,833	\$818,968
Changes of assumptions	286,771	610,302	897,073
Net difference between projected and actual earnings on OPEB plan investments	0	58,105	58,105
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	433,748	1,802	435,550
Total Deferred Inflows of Resources	\$1,393,654	\$816,042	\$2,209,696

\$46,699 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability, or an increase to the net OPEB asset, in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

East Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$214,631)	(\$204,162)	(\$418,793)
2027	(169,521)	(87,347)	(256,868)
2028	(145,970)	(112,945)	(258,915)
2029	(131,408)	(104,820)	(236,228)
2030	(130,490)	(84,165)	(214,655)
Thereafter	(303,058)	28,498	(274,560)
Total	<u>(\$1,095,078)</u>	<u>(\$564,941)</u>	<u>(\$1,660,019)</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, 2024, are presented as follows:

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017, with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members 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 are 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 on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The 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.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

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

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$832,455	\$624,280	\$458,856

	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	\$21,990	\$624,280	\$890,173

Actuarial Assumptions – STRS

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

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

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

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

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, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,100,273)	(\$1,353,239)	(\$1,573,376)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,588,246)	(\$1,353,239)	(\$1,070,615)

Note 14 - Long-Term Obligations

The changes in the School District's long-term obligations during the fiscal year consist of the following:

	Outstanding 7/1/2024	Additions	Reductions	Outstanding 06/30/2025	Due Within One Year
<u>Governmental Activities:</u>					
Leases Payable	\$89,708	\$0	\$35,280	\$54,428	\$36,081
Net Pension Liability:					
STRS	16,013,603	0	2,286,064	13,727,539	0
SERS	3,947,390	0	864,414	3,082,976	0
Total Net Pension Liability	19,960,993	0	3,150,478	16,810,515	0
Net OPEB Liability - SERS	1,208,388	0	584,108	624,280	0
Compensated Absences Payable	6,009,110	0	17,506	5,991,604	778,351
Longevity Benefits Payable	1,249,851	0	229,492	1,020,359	0
Total Long-Term Obligations	\$28,518,050	\$0	\$4,016,864	\$24,501,186	\$814,432

Increases and decreases to compensated absences are presented net on the above table.

Leases Payable

The School District has outstanding agreements to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. These leases will be paid from Permanent Improvement Levy Capital Projects Funds. A summary of the principal and interest amounts for the remaining leases is as follows:

East Muskingum Local School District, Ohio*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025*

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$36,081	\$853	\$36,934
2027	18,347	120	18,467
Total	<u>\$54,428</u>	<u>\$973</u>	<u>\$55,401</u>

Other Long-Term Liabilities

There are no repayment schedules for the net pension liability or net OPEB liability. However, employer pension contributions are made from the following funds: General Fund and Food Service Special Revenue Fund. For additional information related to the net pension liability and net OPEB liability, see Note 12 and Note 13.

Longevity benefits payables will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund and the Food Service Special Revenue Fund.

The School District's overall legal debt margin was \$46,290,492, with an unvoted debt margin of \$513,391 at June 30, 2025.

Note 15 - Significant Commitments***Encumbrances***

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<u>Governmental Funds</u>	<u>Encumbrances</u>
General Fund	\$748,494
Permanent Improvement Levy	70,719
Nonmajor Governmental Funds	<u>85,152</u>
Total Governmental Funds	<u>\$904,365</u>

Contractual Commitments

As of June 30, 2025, the School District had contractual purchase commitments as follows:

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/2025</u>
Roof Replacement	General	\$486,722	\$382,508	\$104,214
Concession	General	357,310	134,741	222,569
		<u>\$844,032</u>	<u>\$517,249</u>	<u>\$326,783</u>

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Note 16 - 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.

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

	Capital Acquisition
Set-Aside Reserve Balance June 30, 2024	\$0
Current Year Set-aside Requirement	500,994
Current Year Offsets	(1,309,754)
Current Year Qualifying Disbursements	(1,405,579)
Total	(\$2,214,339)
Balance Carried Forward to Future Fiscal Years	\$0

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

Note 17 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave components are derived from Board policy and State laws. Classified employees and administrators who are contracted to work a minimum of 260 days earn ten to twenty-five days of vacation per year, depending upon length of service. All employees who qualify for vacation time must be with the School District for one year before receiving vacation hours. All employees who qualify for vacation time can accrue up to a maximum of the immediately preceding two years, plus the prorated portion of earned but unavailable for use vacation time of the current year. The School District pays accumulated, unused vacation hours to employees who qualify for vacation time upon termination of employment at the employee's current rate of pay. Teachers, administrators, and staff who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for all personnel. Upon retirement, payment is made for one-third of accrued, but unused sick leave credit to a maximum of 40 days for all employees.

East Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Longevity Benefits Payable

Employees who retire are eligible for a longevity/service benefit. Employees that have completed between one and ten years of service at the School District upon retirement, are paid a longevity benefit payment equal to one percent of their annual salary earned in the year of retirement multiplied by the years of service with the School District. Employees that have completed between eleven and twenty years of service at the School District upon retirement, are paid a longevity benefit payment equal to one and one quarter percent of their annual salary earned in the year of retirement multiplied by the years of service with the School District. Employees that have completed over twenty years of service at the School District upon retirement, are paid a longevity benefit payment equal to one and one half percent of their annual salary earned in the year of retirement multiplied by the years of service with the School District. Retirees must notify the School District by March 1 of each year as to their intent to retire and to apply for the retirement/longevity benefit. Payment of the retirement/longevity benefit is limited to five percent of the number of employees in each year based upon seniority. The benefit is paid in one lump sum at the time of retirement from the fund and function that pays the employees' salaries.

Life and Vision Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Grady Benefits that contracts with OneAmerica.

The School District provides vision insurance to employees through Vision Service Plan.

Note 18 - Jointly Governed Organizations

Licking Area Computer Association (LACA)

The School District is a participant in LACA, which is a computer consortium. LACA is an association that serves 26 entities within the boundaries of Licking, Muskingum, Fairfield, Perry, Knox, and Medina Counties. These entities consist of public school districts, private schools, community schools, and educational service centers. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The Board exercised total control over the operations of LACA including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The continued existence of LACA is not dependent on the School District's continued participation and the School District has no equity interest in the Association. The LACA constitution states that any school district withdrawing from the Association prior to the dissolution forfeits their claim to the Association's capital assets. The School District's total payments to LACA for computer and internet services during fiscal year 2025 were \$136,586. Financial information may be obtained from LACA at 150 South Quentin Road, Newark, Ohio 43055.

Mid-East Career and Technology Centers (The Center)

The Mid-East Career and Technology Centers is a jointly governed organization providing vocational education 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 representative from each of the participating school district's elected boards. The Board possesses its own taxing authority. The Board also exercised 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

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

representation on the Board. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2025, the School District made no contributions to the Center. Financial information may be obtained from Mid-East Career and Technology Centers at 400 Richards Road, Zanesville, Ohio 43701.

Metropolitan Educational Technology Association (META)

The School District participates in the Metropolitan Educational Technology Association (META), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META is also known as META Solutions. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The School District uses the META purchasing cooperative. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2025, the School District's membership payment for the purchasing cooperative was waived by META. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

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. During fiscal year 2025, the School District made a membership payment in the amount of \$400 to CORAS. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Ohio University at 322 Patton Hall, Athens, Ohio 45701.

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)

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, which possesses its own taxing authority, consisting of one representative from each of the participating school district's elected boards. The Board also exercised 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 educational management information and cooperative

East Muskingum Local School District, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

purchasing services to member districts. The School District participates in the sales service programs to purchase food, office, and classroom supplies. These programs allow schools to purchase supplies at reduced rates. During fiscal year 2025, the School District's fee was waived. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the Ohio Department of Education and Workforce. Financial information may be obtained from OME-RESA at 2230 Sunset Boulevard, Suite 2, Steubenville, Ohio 43952.

Note 19 - Insurance Purchasing Pools

Ohio SchoolComp Workers' Compensation Group Rating Program (Program)

The Ohio SchoolComp Workers' Compensation Group Rating Program is a shared risk pool among school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group rating plans for workers' compensation rating purposes. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts.

The Program, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The Program created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating school districts continue to pay their own premiums and have the opportunity to receive premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can receive a premium refund of assessment. The Program's third party administrator (TPA), Comp Management, Inc., a Sedgwick Company, provides administrative, cost control, and actuarial services to the Program. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group. The School District paid \$500 in enrollment fees to the Program. (See Note 11)

Ohio School Benefits Cooperative (OSBC)

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of 40 members. The Ohio School Benefits Cooperative is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine-member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants paid an initial \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop-loss insurance coverage through OSBC's third-party administrator. Medical Mutual/Antares is the Administrator of the OSBC. During fiscal year 2025, the School District elected to participate in the self-insured purchasing program for medical, prescription drug, and dental.

East Muskingum Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Schools of Ohio Risk Sharing Authority, Inc. (SORSA)

The School District is a member of the Schools of Ohio Risk Sharing Authority, Inc. (SORSA), a risk sharing pool serving school districts in Ohio. SORSA was formed as an Ohio non-profit corporation for the purpose of administering a joint self insurance pool and assisting members to prevent and reduce losses and injuries to School District persons and property which might result in claims being made against members of SORSA. Member school districts agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, equipment breakdown, cyber liability, and educators' errors and omissions liability insurance. Each member school district has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the corporation are managed by an elected board of not more than nine directors. Only superintendents, assistant treasurers, treasurers, or business managers of member school districts are eligible to serve on the board. No school district may have more than one representative on the board at any time. Each member school district's control over the budgetary and financing of SORSA is limited to its voting authority and any representative it may have on the board of directors. Financial information can be obtained from SORSA at 555 Metro Place, Dublin, Ohio 43017.

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2025.

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 2025 were finalized in November 2025.

Litigation

The School District is currently not a party to any legal proceedings.

East Muskingum 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 **

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.06026620%	0.07143930%	0.07709620%	0.07590570%
School District's Proportionate Share of the Net Pension Liability	\$3,082,976	\$3,947,390	\$4,169,961	\$2,800,700
School District's Covered Payroll	\$2,657,779	\$2,821,593	\$2,784,629	\$2,637,500
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.00%	139.90%	149.75%	106.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

* 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

2021	2020	2019	2018	2017	2016
0.07471780%	0.07209120%	0.07235620%	0.07272830%	0.07585630%	0.07605330%
\$4,941,993	\$4,313,343	\$4,143,974	\$4,345,355	\$5,551,980	\$4,339,675
\$2,630,671	\$2,480,067	\$2,400,807	\$2,374,514	\$2,204,307	\$2,244,550
187.86%	173.92%	172.61%	183.00%	251.87%	193.34%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

East Muskingum 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 Nine Fiscal Years (1) **

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.06129430%	0.07334920%	0.07855160%	0.07814820%
School District's Proportionate Share of the Net OPEB Liability	\$624,280	\$1,208,388	\$1,102,872	\$1,479,020
School District's Covered Payroll	\$2,657,779	\$2,821,593	\$2,784,629	\$2,637,500
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	23.49%	42.83%	39.61%	56.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(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

2021	2020	2019	2018	2017
0.07754870%	0.07374140%	0.07349080%	0.07395480%	0.07695200%
\$1,685,388	\$1,854,441	\$2,038,833	\$1,984,752	\$2,193,417
\$2,630,671	\$2,480,067	\$2,400,807	\$2,374,514	\$2,204,307
64.07%	74.77%	84.92%	83.59%	99.51%
18.17%	15.57%	13.57%	12.46%	11.49%

East Muskingum 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 **

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.07134296%	0.07436103%	0.07628329%	0.07506279%
School District's Proportionate Share of the Net Pension Liability	\$13,727,539	\$16,013,603	\$16,957,872	\$9,597,455
School District's Covered Payroll	\$9,932,871	\$10,078,386	\$9,987,450	\$9,289,507
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.20%	158.89%	169.79%	103.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

* 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

2021	2020	2019	2018	2017	2016
0.07487739%	0.07433947%	0.07550470%	0.07646400%	0.07755320%	0.08005128%
\$18,117,665	\$16,439,727	\$16,601,788	\$18,164,189	\$25,959,394	\$22,123,833
\$9,078,464	\$8,745,014	\$8,669,571	\$8,373,600	\$7,836,329	\$8,713,943
199.57%	187.99%	191.49%	216.92%	331.27%	253.89%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

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

	2025	2024	2023	2022
School District's Proportion of the Net OPEB (Asset) Liability	0.07134296%	0.07436103%	0.07628329%	0.07506279%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,353,239)	(\$1,446,221)	(\$1,975,229)	(\$1,582,637)
School District's Covered Payroll	\$9,932,871	\$10,078,386	\$9,987,450	\$9,289,507
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-13.62%	-14.35%	-19.78%	-17.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	158.00%	168.50%	230.70%	174.70%

(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

2021	2020	2019	2018	2017
0.07487739%	0.07433947%	0.07550470%	0.07646400%	0.07755320%
(\$1,315,968)	(\$1,231,239)	(\$1,213,283)	\$2,983,344	\$4,147,565
\$9,078,464	\$8,745,014	\$8,669,571	\$8,373,600	\$7,836,329
-14.50%	-14.08%	-13.99%	35.63%	52.93%
182.10%	174.70%	176.00%	47.10%	37.30%

East Muskingum Local School District, Ohio
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Pension Liability					
Contractually Required Contribution	\$400,585	\$372,089	\$395,023	\$389,848	\$369,250
Contributions in Relation to the Contractually Required Contribution	<u>(400,585)</u>	<u>(372,089)</u>	<u>(395,023)</u>	<u>(389,848)</u>	<u>(369,250)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,861,321	\$2,657,779	\$2,821,593	\$2,784,629	\$2,637,500
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 Liability					
Contractually Required Contribution (2)	\$46,699	\$43,393	\$52,745	\$49,867	\$49,647
Contributions in Relation to the Contractually Required Contribution	<u>(46,699)</u>	<u>(43,393)</u>	<u>(52,745)</u>	<u>(49,867)</u>	<u>(49,647)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.63%</u>	<u>1.63%</u>	<u>1.87%</u>	<u>1.79%</u>	<u>1.88%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.63%</u>	<u>15.63%</u>	<u>15.87%</u>	<u>15.79%</u>	<u>15.88%</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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$368,294	\$334,809	\$324,109	\$332,432	\$308,603
<u>(368,294)</u>	<u>(334,809)</u>	<u>(324,109)</u>	<u>(332,432)</u>	<u>(308,603)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,630,671	\$2,480,067	\$2,400,807	\$2,374,514	\$2,204,307
<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
\$49,886	\$56,763	\$52,086	\$41,012	\$39,281
<u>(49,886)</u>	<u>(56,763)</u>	<u>(52,086)</u>	<u>(41,012)</u>	<u>(39,281)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.90%</u>	<u>2.29%</u>	<u>2.17%</u>	<u>1.73%</u>	<u>1.78%</u>
<u>15.90%</u>	<u>15.79%</u>	<u>15.67%</u>	<u>15.73%</u>	<u>15.78%</u>

East Muskingum Local School District, Ohio
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022	2021
Net Pension Liability					
Contractually Required Contribution	\$1,429,784	\$1,390,602	\$1,410,974	\$1,398,243	\$1,300,531
Contributions in Relation to the Contractually Required Contribution	<u>(1,429,784)</u>	<u>(1,390,602)</u>	<u>(1,410,974)</u>	<u>(1,398,243)</u>	<u>(1,300,531)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$10,212,743	\$9,932,871	\$10,078,386	\$9,987,450	\$9,289,507
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>

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 2016-2025, 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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$1,270,985	\$1,224,302	\$1,213,740	\$1,172,304	\$1,097,086
<u>(1,270,985)</u>	<u>(1,224,302)</u>	<u>(1,213,740)</u>	<u>(1,172,304)</u>	<u>(1,097,086)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,078,464	\$8,745,014	\$8,669,571	\$8,373,600	\$7,836,329
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

East Muskingum Local School District, Ohio

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2025

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 Year 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 fully generational projection and a five-year age setback 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 through 2021 and fiscal year 2017 and prior are presented as follows:

East Muskingum Local School District, Ohio

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2025

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 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 Adjustments (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:

Beginning with Fiscal Year 2022	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 year 2017 and prior actuarial valuations, 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 age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Term – STRS Pension

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

East Muskingum Local School District, Ohio

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2025

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:

	<u>Fiscal Year 2022</u>	<u>Fiscal Year 2021 and Prior</u>
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 2025	3.93 percent
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 2025	4.88 percent
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

East Muskingum Local School District, Ohio

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2025

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 was 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 recovery 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 increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium 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 increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium 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.

East Muskingum Local School District, Ohio

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025*

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 that it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for fiscal years 2027 and 2028 reflect the assumed impact of the expiration of the current Medicare Advantage contract on December 31, 2028.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education
East Muskingum Local School District
13505 John Glenn School Road
New Concord, Ohio 43762

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Muskingum Local School District, Muskingum County, Ohio (the "School District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 29, 2025, wherein we noted net position was restated due to the implementation of GASB Statement No. 101, *Compensated Absences*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 29, 2025

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

To the Board of Education
East Muskingum Local School District
13505 John Glenn School Road
New Concord, Ohio 43762

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited East Muskingum Local School District's (the "School District"), Muskingum County, Ohio, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 29, 2025

East Muskingum Local School District
Muskingum County, Ohio

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/ Sub Grantor/ Program Title	Grant Year	ALN	Expenditures	Amounts Paid to Subrecipients
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
Title I Grants to Local Educational Agencies	2024	84.010A	47,015	-
Title I Grants to Local Educational Agencies	2025	84.010A	248,544	-
Title I Program for Neglected and Delinquent Children (F)	2025	84.010A	83,438	-
Total Title I			378,997	-
<i>Special Education Cluster:</i>				
Special Education Grants to States	2024	84.027A	69,007	-
Special Education Grants to States	2025	84.027A	407,236	-
Special Education Grants to States Subtotal			476,243	-
Special Education - Preschool Grants (F)	2025	84.173A	14,151	-
Total Special Education Cluster			490,394	-
Student Support and Academic Enrichment Program	2025	84.424A	24,182	-
Supporting Effective Instruction State Grant	2025	84.367A	44,976	-
COVID-19: Education Stabilization Fund (ARP ESSER)	2024	84.425U	139,194	-
COVID-19: Education Stabilization Fund (ARP ESSER Homeless Targeted Support)	2024	84.425W	4,979	-
Total COVID-19: Education Stabilization Fund			144,173	-
Total U.S. Department of Education			1,082,722	-
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	2025	10.553	126,309	-
National School Lunch Program (non-cash assistance)	2025	10.555	97,482	-
National School Lunch Program	2025	10.555	540,390	-
Total National School Lunch Program			637,872	-
Total Child Nutrition Cluster			764,181	-
Total U.S. Department of Agriculture			764,181	-
TOTAL FEDERAL ASSISTANCE			\$ 1,846,903	\$ -

**EAST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY, OHIO**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of East Muskingum Local School District (the School District) under programs of the federal government for the fiscal year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 10-percent (or 15-percent, if applicable) de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – CONSORTIUM GRANT EXPENDITURES

During the fiscal year ended June 30, 2025, the School District passed/transferred grant fund allocations to the Muskingum Valley Educational Service Center for Special Education Preschool Grants totaling \$14,151 and East Central Ohio Educational Service Center for Title I-D Neglected totaling \$83,438.

NOTE G – TRANSFERS BETWEEN PROGRAM YEARS

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

Title I-A	84.010A	26,128
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East Muskingum Local School District
Muskingum County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control 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)?	None reported
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material control 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?	None reported
(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): Child Nutrition Cluster	AL # 10.553/10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted

OHIO AUDITOR OF STATE KEITH FABER



**EAST MUSKINGUM LOCAL SCHOOL DISTRICT
MUSKINGUM 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 4/9/2026

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

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