



OHIO AUDITOR OF STATE
KEITH FABER



**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2025**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to	
Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance	
Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget (Non-GAAP Basis) and Actual	
General Fund.....	22
Statement of Fund Net Position	
Proprietary Funds	23
Statement of Revenues, Expenses and Changes in Fund Net Position	
Proprietary Funds	24
Statement of Cash Flows	
Proprietary Funds	25
Notes to the Basic Financial Statements	27

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2025**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability (School Employees Retirement System of Ohio).....	92
Schedule of the School District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System of Ohio).....	94
Schedule of the School District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System of Ohio).....	96
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability (State Teachers Retirement System of Ohio)	98
Schedule of the School District's Contributions (School Employees Retirement System of Ohio)	100
Schedule of the School District's Contributions (State Teachers Retirement System of Ohio).....	102
Notes to Required Supplementary Information	104
Schedule of Expenditures of Federal Awards	109
Notes to the Schedule of Expenditures of Federal Awards	110
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	113
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	115
Schedule of Findings.....	119
Prepared by Management:	
Corrective Action Plan	123

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the New Philadelphia City School District, Ohio (School District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the New Philadelphia City School District, Tuscarawas 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2026, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

April 16, 2026

This page intentionally left blank.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

It is a privilege to present to you the financial picture of the New Philadelphia City School District (the "School District"). This discussion and analysis of the School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. The financial statements of the component units are issued as separate reports and are available by contacting the Quaker Digital Academy (the "Academy") and the Quaker Preparatory Academy (the "Academy").

Financial Highlights

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

- Growth in property taxes and foundation revenues yielded an increase in net position for fiscal year 2025.
- The phase-in of the new State foundation funding model increased from 50 percent in fiscal year 2024 to 66.67 percent in fiscal year 2025. This change coupled with the higher economically disadvantaged average daily membership yielded an increase in foundation funding.
- During fiscal year 2025, the School District issued a \$175,000 real estate acquisition note for the purpose of acquiring properties (with buildings) adjacent to School District land in anticipation of potential building projects in the future. The note will be repaid from the permanent improvement fund upon collection of property tax revenues.
- The implementation of GASB 101 resulted in a significant increase in compensated absences liabilities. See the subsequent discussion of new accounting pronouncements.

Using this Financial 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 nonmajor funds presented in total in one column. In the case of the School District, the general fund is by far the most significant fund.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-91 of this report.

New Philadelphia City School District
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 the Statement of Activities

While this document contains the large number of 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 fiscal year 2025?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual 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 the 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 classified as governmental. The School District's programs and services reported here include instruction, support services, operation of food services, operation of non-instructional services, extracurricular activities and interest.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental fund begins on page 12. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant fund. The School District's only major governmental fund is the general fund.

Governmental Funds Most of the School District's activities are reported in governmental funds that focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using the *modified accrual* accounting method that 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 government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for a health, vision, dental and life insurance program, which provides medical benefits to employees. This fund uses the accrual basis of accounting.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net position for fiscal year 2025 compared to 2024:

Table 1
Net Position
Governmental Activities

	2025	2024	Change
Assets			
Current and Other Assets	\$27,795,836	\$26,657,847	\$1,137,989
Net OPEB Asset	2,366,540	2,443,217	(76,677)
Capital Assets, Net	17,778,527	20,099,557	(2,321,030)
<i>Total Assets</i>	<u>47,940,903</u>	<u>49,200,621</u>	<u>(1,259,718)</u>
Deferred Outflows of Resources			
Pension	6,073,400	6,762,741	(689,341)
OPEB	1,009,370	1,229,902	(220,532)
<i>Total Deferred Outflows of Resources</i>	<u>7,082,770</u>	<u>7,992,643</u>	<u>(909,873)</u>
Liabilities			
Current Liabilities	5,180,752	4,723,427	457,325
Long-Term Liabilities:			
Due Within One Year	2,014,907	365,918	1,648,989
Due in More Than One Year:			
Net Pension Liability	29,460,063	33,428,513	(3,968,450)
Net OPEB Liability	1,103,487	1,953,603	(850,116)
Other Amounts	7,727,435	1,849,530	5,877,905
<i>Total Liabilities</i>	<u>45,486,644</u>	<u>42,320,991</u>	<u>3,165,653</u>
Deferred Inflows of Resources			
Property Taxes	16,941,308	16,507,322	433,986
Leases	0	11,584	(11,584)
Pension	4,389,106	2,827,411	1,561,695
OPEB	3,509,032	3,716,075	(207,043)
<i>Total Deferred Inflows of Resources</i>	<u>24,839,446</u>	<u>23,062,392</u>	<u>1,777,054</u>
Net Position			
Net Investment in Capital Assets	17,135,716	19,562,059	(2,426,343)
Restricted	6,738,857	7,114,159	(375,302)
Unrestricted (Deficit)	(39,176,990)	(34,866,337)	(4,310,653)
<i>Total Net Position</i>	<u>(\$15,302,417)</u>	<u>(\$8,190,119)</u>	<u>(\$7,112,298)</u>

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

New Accounting Pronouncement/Restatement

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 principle.

The implementation of GASB 101 resulted in recognizing additional compensated absences liabilities of \$7,452,849 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 (NPL) is the largest single 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 health care 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 previously, 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 previously referenced changes impact the balance of the net pension/OPEB liabilities (asset) 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 amortization recognized in the current year offset by the difference between expected and actual experience amounts recognized in 2025 for STRS and SERS and the change of assumptions amount recognized in 2025 for SERS. The increase in deferred inflows for pension resulted from the difference between projected and actual earnings on investments recognized in the current year offset by the amortization recognized in the current year. The decrease in deferred outflows for OPEB was primarily related to SERS from the amortization of prior year amounts. The deferred inflows related to OPEB decreased primarily as a result of STRS amortizations recognized in the current year offset by the change of assumptions that was recognized in 2025.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

After the effects of GASB Statement No. 101, *Compensated Absences*, net position increased \$340,551. When net position end of year is compared to net position as previously reported, there is a decrease of \$7,112,298, which when combined with the restatement of beginning net position of (\$7,452,849) for implementing GASB 101, results in an overall increase in net position of \$340,551.

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the School District has improved as evidenced by the increase in net position. Changes related to pension and OPEB were the primary contributors to this increase, as well as the increase in property taxes receivable.

Total assets were lower for fiscal year 2025 primarily due to the decline in capital assets, which was partly offset by the increase in current and other assets resulting from a growth in property taxes receivable. Property taxes receivable increased as a result of the increase in assessed values with the County's triennial update for tax year 2025.

Deferred outflows of resources declined from the prior fiscal year due to the decreases in deferred outflows related to pension and OPEB discussed previously.

After accounting for the effects of GASB Statement No. 101, *Compensated Absences*, which increased compensated absences by \$7,452,849, liabilities declined primarily due to the decreases in the net pension and net OPEB liabilities. See the previous discussion of pension and OPEB changes. Current liabilities increased in fiscal year 2025 primarily due to increases in the accrued wages and benefits payable, intergovernmental payable, and note payable.

Total deferred inflows of resources increased from the prior fiscal year mainly due to the increase in deferred inflows related to pension and property taxes not levied to finance current fiscal year operations. See the previous discussion of pension changes. The change for property taxes not levied to finance current fiscal year operations was related to the increase in the receivable as discussed previously.

Overall, the net position of the School District increased with a growth in revenues, despite the larger increase in expenses, as discussed subsequently.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

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

Table 2
Change in Net Position
Governmental Activities

	2025	2024	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$1,266,609	\$1,414,872	(\$148,263)
Operating Grants, Contributions, and Interest	5,502,311	7,266,406	(1,764,095)
Capital Grants and Contributions	42,589	46,153	(3,564)
<i>Total Program Revenues</i>	<u>6,811,509</u>	<u>8,727,431</u>	<u>(1,915,922)</u>
<i>General Revenues</i>			
Property Taxes	19,138,921	16,874,064	2,264,857
Grants and Entitlements	16,520,947	14,801,701	1,719,246
Unrestricted Contributions	6,849	19,202	(12,353)
Investment Earnings/Interest	267,902	266,369	1,533
Miscellaneous	201,746	133,764	67,982
<i>Total General Revenues</i>	<u>36,136,365</u>	<u>32,095,100</u>	<u>4,041,265</u>
Total Revenues	<u>42,947,874</u>	<u>40,822,531</u>	<u>2,125,343</u>
<i>Program Expenses</i>			
Instruction:			
Regular	18,172,546	16,855,780	1,316,766
Special	7,371,463	7,027,901	343,562
Vocational	400,464	398,963	1,501
Support Services:			
Pupil	2,035,633	2,156,092	(120,459)
Instructional Staff	856,086	636,080	220,006
Board of Education	202,406	135,428	66,978
Administration	3,324,984	3,274,680	50,304
Fiscal	978,569	998,950	(20,381)
Operation and Maintenance of Plant	3,956,301	3,626,792	329,509
Pupil Transportation	1,457,546	1,350,525	107,021
Central	481,131	254,733	226,398
Operation of Food Services	1,431,372	1,196,173	235,199
Operation of Non-Instructional Services	489,180	254,319	234,861
Extracurricular Activities	1,433,155	1,452,898	(19,743)
Interest	16,487	40,047	(23,560)
<i>Total Program Expenses</i>	<u>42,607,323</u>	<u>39,659,361</u>	<u>2,947,962</u>
Change in Net Position	<u>340,551</u>	<u>1,163,170</u>	<u>(822,619)</u>
<i>Net Position Beginning of Year as Previously Reported</i>	(8,190,119)	(9,353,289)	1,163,170
Change in Accounting Principle	<u>(7,452,849)</u>	<u>0</u>	<u>(7,452,849)</u>
<i>Restated Net Position Beginning of Year</i>	<u>(15,642,968)</u>	<u>(9,353,289)</u>	<u>(6,289,679)</u>
Net Position End of Year	<u><u>(\$15,302,417)</u></u>	<u><u>(\$8,190,119)</u></u>	<u><u>(\$7,112,298)</u></u>

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

New Accounting Pronouncements/Restatement

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The preceding 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 principle. 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

General revenues accounted for the majority of all revenues. Specific program revenues in the form of charges for services, operating grants, contributions, and interest, and capital grants and contributions accounted for the remaining portion of total revenues.

Several revenue sources fund governmental activities, with property taxes being the largest contributor. The emergency levy that was originally approved by the voters in 2014 was renewed in November 2023 for an additional ten years. The permanent improvement levy was renewed in November 2022 for an additional five years. Property tax revenues increased from the prior fiscal year as a result of the increase in the amount available as an advance from the County Auditor at fiscal year end and the increase in property tax collections related to the growth in assessed values.

Grants and entitlements, with the majority coming from the School Foundation program, is the other significant revenue contributor. With the combination of taxes and grants and entitlements funding the significant portion of all expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations. The increase in grants and entitlements for fiscal year 2025 was the result of increased foundation funding. The School District's economically disadvantaged average daily membership increased for fiscal year 2025, and the phase-in of the new foundation funding model increased from 50.00 percent in fiscal year 2024 to 66.67 percent in fiscal year 2025. Both factors contributed to the increase in foundation funding.

Operating grants, contributions, and interest program revenues decreased in fiscal year 2025 mainly due to a decline in the Elementary and Secondary School Emergency Relief (ESSER) grant. Capital grants and contributions were comparable to the prior fiscal year.

Instruction composes the most significant portion of governmental program expenses. Expenses increased primarily due to the loss on disposal of capital assets and increases in salaries and benefits resulting from base salary increases of 2.75 percent for certified staff and 3 percent for classified staff, step increases, and higher health insurance costs.

New Philadelphia City School District
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 and grants and contributions offsetting those services. The following table shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted State grants and entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Program Expenses				
Instruction:				
Regular	\$18,172,546	\$17,806,197	\$16,855,780	\$16,166,410
Special	7,371,463	3,592,529	7,027,901	2,986,249
Vocational	400,464	319,116	398,963	332,664
Support Services:				
Pupil	2,035,633	2,011,681	2,156,092	2,124,349
Instructional Staff	856,086	737,839	636,080	516,203
Board of Education	202,406	202,406	135,428	135,428
Administration	3,324,984	3,202,930	3,274,680	3,155,284
Fiscal	978,569	978,569	998,950	998,950
Operation and Maintenance of Plant	3,956,301	3,944,356	3,626,792	2,326,402
Pupil Transportation	1,457,546	1,379,271	1,350,525	1,297,132
Central	481,131	481,131	254,733	254,733
Operation of Food Services	1,431,372	318,639	1,196,173	(71,263)
Operation of Non-Instructional Services	489,180	118,240	254,319	(38,991)
Extracurricular Activities	1,433,155	686,423	1,452,898	708,333
Interest	16,487	16,487	40,047	40,047
<i>Total</i>	<u>\$42,607,323</u>	<u>\$35,795,814</u>	<u>\$39,659,361</u>	<u>\$30,931,930</u>

The dependence upon general revenues for governmental activities is apparent; the majority of expenses are supported through property taxes, grants and entitlements, and other general revenues.

The School District's Funds

Information about the School District's major fund starts on page 18. These funds are accounted for using the modified accrual basis of accounting. Fund balance for total governmental funds increased in fiscal year 2025 primarily due to the increase in revenues, primarily the growth in property tax revenues discussed previously, offset by an increase in expenditures. Expenditures were higher due to increased salaries and benefits discussed previously and due to increased capital outlays for various improvements, real estate purchases, bus purchase, a new copiers lease, and software subscription.

The general fund had an increase in fund balance for fiscal year 2025 primarily due to the increase in revenues, despite being partly offset by the growth in expenditures. Revenue increases were related to the changes in property taxes and intergovernmental revenues from foundation discussed previously. The growth in expenditures was attributable to the rise in salaries and benefits costs discussed previously, as well as increased expenditures for materials and supplies, purchased services, capital outlay, and principal retirement.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The overall increase in fund balance of the total governmental funds indicates that the School District's current revenue base is able to meet the School District's obligations as a whole. The School District understands that it needs to continue to monitor expenditures to ensure it can meet future needs.

Budgeting Highlights

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

During the course of fiscal year 2025, the School District amended its general fund budget a few times. Requests for budget changes are made by the building administrators. Final approval is obtained from the Treasurer and Superintendent and is presented to the Board of Education for their adoption.

For the general fund, original budgeted revenue and other financing sources were lower than final budgeted revenue and other financing sources. Actual revenue came in lower than the final budget estimate, mainly due to lower than anticipated advances in.

Original budgeted expenditures and other financing uses were lower than final budgeted expenditures and other financing uses. Actual expenditures were less than final budgeted expenditures and other financing uses mainly due to conservative spending.

The School District's ending unobligated budgetary fund balance was higher than the final budgeted amount due to actual expenditures and other financing uses coming in below the final budget estimate.

Capital Assets and Debt Administration

Capital Assets

Capital assets net of depreciation decreased overall with current year depreciation and asset disposals outpacing additions for fiscal year 2025. Some of the capital asset additions included various land and building improvements, real estate purchases, two bus purchases, public safety radio systems, a new copiers lease, and a software subscription.

The School District's capitalization threshold for capital assets was set at \$10,000. For additional information on capital assets, see Note 10 to the basic financial statements.

Debt

In June 2018, the School District issued \$420,000 in school improvement bonds through direct placement for the purpose of acquiring and installing boilers at the high school.

At June 30, 2025, the School District's overall legal debt margin was \$56,647,296 with an unvoted debt margin of \$314,948.

For additional information on long-term obligations, see Note 16 to the basic financial statements.

New Philadelphia City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Challenges and Opportunities

The New Philadelphia City School District is still strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers. The taxpayers renewed a 1 mill permanent improvement levy in November 2022.

State law fixes the amount of tax revenue, forcing it to remain constant except for new valuations in the School District. Management must plan expenses accordingly, staying within the School District's five-year plan.

In July of 2023, House Bill 33 was passed. The bill codified the funding model that was adopted in fiscal year 2021 for Ohio school districts. The Funding model addresses student funding based on where they attend rather than the residence. The School District experienced a net increase in funds when the funding model was implemented and will experience additional increases as the model is phased in. The Bill included a 6-year phase-in period. The Bill also updated the Base Cost calculations to 2022 enrollment.

Both scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years and to grow even more dependent on local tax revenue.

In conclusion, the School District's system of budgeting and internal controls are well-regarded, and it will take all of the School District's financial abilities to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, 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 questions about this report or need additional financial information, contact Julie Erwin, Treasurer, at New Philadelphia City School District, 248 Front Avenue SW, New Philadelphia, Ohio 44663 or email at erwinj@npschools.org.

New Philadelphia City School District
Statement of Net Position
June 30, 2025

	Primary Government	Component Units	
	Governmental Activities	Quaker Digital Academy	Quaker Preparatory Academy
Assets			
Equity in Pooled Cash and Cash Equivalents	\$6,998,885	\$6,432,230	\$1,754,720
Accounts Receivable	4,712	884	1,010
Intergovernmental Receivable	811,046	236,440	14,368
Accrued Interest Receivable	8,954	0	0
Prepaid Items	190,972	56,502	13,047
Materials and Supplies Inventory	3,822	0	0
Inventory Held for Resale	4,812	0	0
Property Taxes Receivable	19,772,633	0	0
Net OPEB Asset (See Note 14)	2,366,540	266,076	66,158
Nondepreciable Capital Assets	1,167,003	413,322	0
Depreciable Capital Assets, Net	16,611,524	1,130,247	3,910
<i>Total Assets</i>	<u>47,940,903</u>	<u>8,535,701</u>	<u>1,853,213</u>
Deferred Outflows of Resources			
Pension	6,073,400	1,177,948	360,087
OPEB	1,009,370	106,379	51,725
<i>Total Deferred Outflows of Resources</i>	<u>7,082,770</u>	<u>1,284,327</u>	<u>411,812</u>
Liabilities			
Accounts Payable	186,260	15,166	100
Contracts Payable	101,492	57,477	0
Accrued Wages and Benefits Payable	3,725,879	96,743	0
Intergovernmental Payable	761,172	68,342	10,973
Retainage Payable	0	4,299	0
Matured Compensated Absences Payable	227,061	0	0
Matured Subscription Payable	0	9,500	0
Accrued Interest Payable	3,888	6,795	0
Unearned Revenue	0	27,133	0
Note Payable	175,000	0	0
Long-Term Liabilities:			
Due Within One Year	2,014,907	312,867	18,516
Due in More Than One Year:			
Net Pension Liability (See Note 13)	29,460,063	3,372,436	758,943
Net OPEB Liability (See Note 14)	1,103,487	126,071	17,819
Other Amounts Due in More Than One Year	7,727,435	683,221	37,608
<i>Total Liabilities</i>	<u>45,486,644</u>	<u>4,780,050</u>	<u>843,959</u>
Deferred Inflows of Resources			
Property Taxes	16,941,308	0	0
Pension	4,389,106	512,459	116,083
OPEB	3,509,032	476,761	91,235
<i>Total Deferred Inflows of Resources</i>	<u>24,839,446</u>	<u>989,220</u>	<u>207,318</u>
Net Position			
Net Investment in Capital Assets	17,135,716	883,432	3,910
Restricted for:			
Athletics	193,267	0	0
Capital Projects	674,937	0	0
Food Service Operations	673,847	0	0
Scholarships	1,559,662	0	0
Special Education	910,241	0	0
Student Instruction	174,803	0	0
OPEB Plan	2,366,540	266,076	66,158
Other Purposes	185,560	16,746	74
Unrestricted (Deficit)	(39,176,990)	2,884,504	1,143,606
<i>Total Net Position</i>	<u>(\$15,302,417)</u>	<u>\$4,050,758</u>	<u>\$1,213,748</u>

See accompanying notes to the basic financial statements

New Philadelphia City School District

Statement of Activities

For the Fiscal Year Ended June 30, 2025

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Primary Government				
Governmental Activities				
Instruction:				
Regular	\$18,172,546	\$279,746	\$86,603	\$0
Special	7,371,463	137,288	3,641,646	0
Vocational	400,464	0	81,348	0
Support Services:				
Pupil	2,035,633	0	23,952	0
Instructional Staff	856,086	40	104,269	13,938
Board of Education	202,406	0	0	0
Administration	3,324,984	0	122,054	0
Fiscal	978,569	0	0	0
Operation and Maintenance of Plant	3,956,301	11,945	0	0
Pupil Transportation	1,457,546	0	78,275	0
Central	481,131	0	0	0
Operation of Food Services	1,431,372	88,382	1,024,351	0
Operation of Non-Instructional Services	489,180	80,203	290,737	0
Extracurricular Activities	1,433,155	669,005	49,076	28,651
Interest	16,487	0	0	0
Total Primary Government	\$42,607,323	\$1,266,609	\$5,502,311	\$42,589
Component Units				
Quaker Digital Academy	\$5,166,688	\$354	\$757,918	\$0
Quaker Preparatory Academy	1,180,023	0	179,802	0
Total Component Units	\$6,346,711	\$354	\$937,720	\$0

General Revenues

Property Taxes Levied for:

General Purposes

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Investment Earnings/Interest

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year as Previously Reported

Change in Accounting Principle (See Note 3)

Restated Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	Quaker Digital Academy	Quaker Preparatory Academy
(\$17,806,197)	\$0	\$0
(3,592,529)	0	0
(319,116)	0	0
(2,011,681)	0	0
(737,839)	0	0
(202,406)	0	0
(3,202,930)	0	0
(978,569)	0	0
(3,944,356)	0	0
(1,379,271)	0	0
(481,131)	0	0
(318,639)	0	0
(118,240)	0	0
(686,423)	0	0
(16,487)	0	0
(35,795,814)	0	0
0	(4,408,416)	0
0	0	(1,000,221)
0	(4,408,416)	(1,000,221)
18,631,054	0	0
507,867	0	0
16,520,947	5,934,378	1,113,115
6,849	0	0
267,902	237,112	66,700
201,746	554	605
36,136,365	6,172,044	1,180,420
340,551	1,763,628	180,199
(8,190,119)	2,496,590	1,085,869
(7,452,849)	(209,460)	(52,320)
(15,642,968)	2,287,130	1,033,549
(\$15,302,417)	\$4,050,758	\$1,213,748

New Philadelphia City School District

Balance Sheet Governmental Funds June 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,239,597	\$4,408,600	\$6,648,197
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	294	0	294
Accounts Receivable	3,781	931	4,712
Intergovernmental Receivable	234,871	575,732	810,603
Interfund Receivable	161,178	0	161,178
Accrued Interest Receivable	6,560	2,394	8,954
Prepaid Items	175,600	15,372	190,972
Materials and Supplies Inventory	0	3,822	3,822
Inventory Held for Resale	0	4,812	4,812
Property Taxes Receivable	19,283,111	489,522	19,772,633
<i>Total Assets</i>	<u>\$22,104,992</u>	<u>\$5,501,185</u>	<u>\$27,606,177</u>
Liabilities			
Accounts Payable	\$122,462	\$63,798	\$186,260
Contracts Payable	0	101,492	101,492
Accrued Wages and Benefits Payable	3,437,893	287,986	3,725,879
Intergovernmental Payable	723,227	37,945	761,172
Interfund Payable	0	161,178	161,178
Matured Compensated Absences Payable	227,061	0	227,061
Accrued Interest Payable	0	1,495	1,495
Note Payable	0	175,000	175,000
<i>Total Liabilities</i>	<u>4,510,643</u>	<u>828,894</u>	<u>5,339,537</u>
Deferred Inflows of Resources			
Property Taxes	16,529,068	412,240	16,941,308
Unavailable Revenue	683,819	417,021	1,100,840
<i>Total Deferred Inflows of Resources</i>	<u>17,212,887</u>	<u>829,261</u>	<u>18,042,148</u>
Fund Balances			
Nonspendable	175,894	19,194	195,088
Restricted	0	4,217,513	4,217,513
Committed	1,232	0	1,232
Assigned	204,336	0	204,336
Unassigned (Deficit)	0	(393,677)	(393,677)
<i>Total Fund Balances</i>	<u>381,462</u>	<u>3,843,030</u>	<u>4,224,492</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$22,104,992</u>	<u>\$5,501,185</u>	<u>\$27,606,177</u>

See accompanying notes to the basic financial statements

New Philadelphia City School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025*

Total Governmental Funds Balances		\$4,224,492
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,778,527
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	597,256	
Intergovernmental Grants	393,806	
Tuition and Fees	101,043	
Charges for Services	7,125	
Miscellaneous	1,610	
	<u>1,100,840</u>	
Total		1,100,840
In the statement of activities, interest is accrued on outstanding debt, whereas in the funds, an interest expenditure is reported when due.		(2,393)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(143,000)	
Financed Purchases	(4,119)	
Leases Payable	(170,832)	
Subscriptions Payable	(23,938)	
Compensated Absences	(9,400,453)	
	<u>(9,742,342)</u>	
Total		(9,742,342)
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 the governmental activities in the statement of net position.		350,837
The net OPEB asset and net pension/OPEB liabilities are not due and payable in the current period; therefore, the asset, liabilities and related deferred outflows/inflows are not reported in the funds:		
Net OPEB Asset	2,366,540	
Deferred Outflows - Pension	6,073,400	
Deferred Outflows - OPEB	1,009,370	
Net Pension Liability	(29,460,063)	
Net OPEB Liability	(1,103,487)	
Deferred Inflows - Pension	(4,389,106)	
Deferred Inflows - OPEB	(3,509,032)	
	<u>(29,012,378)</u>	
Total		(29,012,378)
<i>Net Position of Governmental Activities</i>		<u><u>(\$15,302,417)</u></u>

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$18,549,079	\$505,533	\$19,054,612
Intergovernmental	18,327,355	3,436,760	21,764,115
Investment Earnings/Interest	267,715	72,409	340,124
Tuition and Fees	338,866	151,540	490,406
Extracurricular Activities	212,050	456,955	669,005
Contributions and Donations	6,849	129,433	136,282
Charges for Services	10,704	84,257	94,961
Leases and Rentals	11,945	0	11,945
Miscellaneous	166,358	35,028	201,386
<i>Total Revenues</i>	<u>37,890,921</u>	<u>4,871,915</u>	<u>42,762,836</u>
Expenditures			
Current:			
Instruction:			
Regular	17,477,114	183,143	17,660,257
Special	5,873,340	1,802,126	7,675,466
Vocational	422,397	0	422,397
Support Services:			
Pupil	2,150,905	23,951	2,174,856
Instructional Staff	450,104	119,796	569,900
Board of Education	201,871	0	201,871
Administration	3,441,449	122,054	3,563,503
Fiscal	1,003,333	0	1,003,333
Operation and Maintenance of Plant	3,399,192	17,140	3,416,332
Pupil Transportation	1,339,438	400	1,339,838
Central	258,658	0	258,658
Operation of Food Services	0	1,329,665	1,329,665
Operation of Non-Instructional Services	0	346,206	346,206
Extracurricular Activities	889,968	487,515	1,377,483
Capital Outlay	363,702	933,175	1,296,877
Debt Service:			
Principal Retirement	317,911	70,587	388,498
Interest	8,672	9,786	18,458
<i>Total Expenditures</i>	<u>37,598,054</u>	<u>5,445,544</u>	<u>43,043,598</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>292,867</u>	<u>(573,629)</u>	<u>(280,762)</u>
Other Financing Sources (Uses)			
Lease Issued	183,117	0	183,117
Inception of Subscriptions	226,710	0	226,710
Transfers In	0	240,000	240,000
Transfers Out	(240,000)	0	(240,000)
<i>Total Other Financing Sources (Uses)</i>	<u>169,827</u>	<u>240,000</u>	<u>409,827</u>
<i>Net Change in Fund Balances</i>	<u>462,694</u>	<u>(333,629)</u>	<u>129,065</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(81,232)</u>	<u>4,176,659</u>	<u>4,095,427</u>
<i>Fund Balances End of Year</i>	<u>\$381,462</u>	<u>\$3,843,030</u>	<u>\$4,224,492</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds	\$129,065
---	------------------

*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 Outlay	1,454,697	
Depreciation/Amortization	(1,313,407)	
Total		141,290

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(2,462,320)
--	-------------

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

Property Taxes	84,309	
Intergovernmental	100,077	
Tuition and Fees	(6,372)	
Charges for Services	6,664	
Miscellaneous	360	
Total		185,038

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 the governmental funds:

Accrued Interest	1,971	
Compensated Absences	(52,716)	
Total		(50,745)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Payment on General Obligation Bonds	44,000	
Payment on Financed Purchases	1,678	
Payment on Leases Payable	70,032	
Payment on Subscriptions Payable	272,788	
Total		388,498

The change in net position of the internal service fund is reported with governmental activities in the statement of activities.	(57,812)
--	----------

Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.

Lease Issued	(183,117)	
Inception of Subscriptions	(226,710)	
Total		(409,827)

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

Pension	3,162,738	
OPEB	78,876	
Total		3,241,614

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

Pension	(1,445,324)	
OPEB	681,074	
Total		(764,250)

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$340,551</u></u>
--	-------------------------

See accompanying notes to the basic financial statements

New Philadelphia City School District
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	\$17,787,330	\$17,787,330	\$17,770,282	(\$17,048)
Intergovernmental	17,618,370	18,168,370	18,310,010	141,640
Interest	258,132	258,132	225,943	(32,189)
Tuition and Fees	412,100	412,100	337,491	(74,609)
Contributions and Donations	20,000	20,000	6,349	(13,651)
Charges for Services	14,068	14,068	12,377	(1,691)
Rentals	900	900	253	(647)
Miscellaneous	165,500	165,500	151,791	(13,709)
<i>Total Revenues</i>	<u>36,276,400</u>	<u>36,826,400</u>	<u>36,814,496</u>	<u>(11,904)</u>
Expenditures				
Current:				
Instruction:				
Regular	16,505,722	16,613,193	17,268,218	(655,025)
Special	5,500,378	5,501,491	5,924,432	(422,941)
Vocational	428,925	410,914	417,728	(6,814)
Support Services:				
Pupil	2,398,857	2,404,783	2,156,198	248,585
Instructional Staff	800,499	812,270	448,510	363,760
Board of Education	183,821	185,605	215,889	(30,284)
Administration	3,839,587	3,900,725	3,418,838	481,887
Fiscal	959,765	959,886	1,035,896	(76,010)
Business	72,000	0	0	0
Operation and Maintenance of Plant	3,112,329	3,164,085	3,689,259	(525,174)
Pupil Transportation	1,906,661	1,965,279	1,398,016	567,263
Central	305,936	317,679	330,721	(13,042)
Operation of Non-Instructional Services	900	900	0	900
Extracurricular Activities	878,050	900,620	681,200	219,420
Capital Outlay	0	0	136,992	(136,992)
Debt Service:				
Principal Retirement	273,183	273,183	317,911	(44,728)
Interest	8,672	8,672	8,672	0
<i>Total Expenditures</i>	<u>37,175,285</u>	<u>37,419,285</u>	<u>37,448,480</u>	<u>(29,195)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(898,885)</u>	<u>(592,885)</u>	<u>(633,984)</u>	<u>(41,099)</u>
Other Financing Sources (Uses)				
Lease Issued	0	0	183,117	183,117
Insurance Recoveries	25,000	25,000	0	(25,000)
Advances In	200,000	200,000	0	(200,000)
Advances Out	(15,000)	0	0	0
Transfers Out	(15,000)	(380,000)	(240,000)	140,000
<i>Total Other Financing Sources (Uses)</i>	<u>195,000</u>	<u>(155,000)</u>	<u>(56,883)</u>	<u>98,117</u>
<i>Net Change in Fund Balance</i>	<u>(703,885)</u>	<u>(747,885)</u>	<u>(690,867)</u>	<u>57,018</u>
<i>Fund Balance Beginning of Year</i>	<u>1,659,057</u>	<u>1,659,057</u>	<u>1,659,057</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>704,385</u>	<u>704,385</u>	<u>704,385</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,659,557</u>	<u>\$1,615,557</u>	<u>\$1,672,575</u>	<u>\$57,018</u>

See accompanying notes to the basic financial statements

New Philadelphia City School District

Statement of Fund Net Position

Proprietary Fund

June 30, 2025

	Governmental Activities - Internal Service
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$350,394
Intergovernmental Receivable	443
<i>Total Assets</i>	350,837
Liabilities	0
Net Position	
Unrestricted	\$350,837

See accompanying notes to the basic financial statements

New Philadelphia City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2025*

	Governmental Activities - Internal Service
Operating Revenues	
Charges for Services	\$6,810,322
Operating Expenses	
Fringe Benefits	6,868,134
<i>Change in Net Position</i>	(57,812)
<i>Net Position Beginning of Year</i>	408,649
<i>Net Position End of Year</i>	\$350,837

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	Governmental Activities - Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$6,809,879
Cash Payments for Premiums	(6,868,134)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(58,255)
<i>Cash and Cash Equivalents Beginning of Year</i>	408,649
<i>Cash and Cash Equivalents End of Year</i>	\$350,394
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Gain (Loss)	(\$57,812)
Adjustments:	
(Increase) Decrease in Intergovernmental Receivable	(443)
<i>Net Cash Provided by (Used in) Operating Activities</i>	(\$58,255)
See accompanying notes to the basic financial statements	

(This Page Intentionally Left Blank)

New Philadelphia City School District

*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 New Philadelphia City School District (the “School District”) operates under a locally-elected Board form of government and provides educational services as authorized by State statute and/or Federal guidelines. This Board controls the School District’s 10 instruction/support facilities staffed by 146 non-certificated employees, 218 certificated full-time teaching personnel and 21 administrative employees who provide services to 2,664 students and other community members.

The School District was established in 1808, the first in the State of Ohio, and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a School District to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four-year terms.

The School District serves an area of approximately 72 square miles. It is located in Tuscarawas County, and includes all of the City of New Philadelphia, the Village of Stone Creek and portions of nine townships. The School District currently operates seven instructional buildings, an administration building, a transportation and maintenance building, and a preschool/sports complex.

Reporting Entity

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

Nonpublic Schools Within the School District boundaries, Tuscarawas Central Catholic Junior and Senior High School is operated through the Columbus Catholic Diocese. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported in a special revenue fund and as a governmental activity of the School District as the School District has administrative involvement related to this funding.

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 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 benefits to, or impose specific financial burdens on the School District.

Discretely Presented Component Units The component unit columns in the financial statements identify the financial data of the School District’s component units, the Quaker Digital Academy and the Quaker Preparatory Academy. The component units are reported separately to emphasize that they are legally separate from the School District.

Quaker Digital Academy The Quaker Digital Academy is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Quaker Digital Academy’s mission, under a contractual agreement with the School District (Quaker Digital Academy’s

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

sponsor), is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement that instruction and prepare students to become lifelong learners and productive citizens. The Quaker Digital Academy serves as a dropout prevention and recovery school and focuses on ensuring that basic survival needs are met so that students can achieve success in school. Quaker Digital Academy serves elementary, middle, and high school age students and above who have dropped out or are at risk of dropping out of school. For fiscal year 2017, Quaker Digital Academy's dropout prevention and recovery status was terminated because a majority of the students served were not between the ages of 16 and 21. The Quaker Digital Academy reapplied for the drop-out prevention and recovery status for fiscal year 2018, and it was granted (see Note 25).

The Quaker Digital Academy operates under the direction of a five-member Board of Directors composed of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the New Philadelphia - Tuscarawas County community as well as represent the interest of the Tuscarawas County community. The Sponsor is able to impose its will on Quaker Digital Academy, and due to Quaker Digital Academy's relationship with New Philadelphia City School District, it would be misleading to exclude Quaker Digital Academy. The Sponsor can suspend the Quaker Digital Academy's operations for any of the following reasons: 1) the Quaker Digital Academy's failure to meet student performance requirements stated in its contract with the Sponsor, 2) the Quaker Digital Academy's failure to meet generally accepted standards of fiscal management, 3) the Quaker Digital Academy's violation of any provisions of the contract with the Sponsor or applicable State or Federal law, or 4) other good cause. Separately issued financial statements can be obtained from Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Quaker Preparatory Academy The Quaker Preparatory Academy is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Quaker Preparatory Academy's mission, under a contractual agreement with the School District (Quaker Preparatory Academy's sponsor), is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement that instruction and prepare students to become lifelong learners and productive citizens. The Quaker Preparatory Academy serves as an internet/computer-based community school providing education to students in kindergarten through eighth grade who reside in any school district located in Ohio. Quaker Preparatory Academy first began enrolling students for fiscal year 2021 (see Note 26).

The Quaker Preparatory Academy operates under the direction of a five-member Board of Directors composed of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the New Philadelphia - Tuscarawas County community as well as represent the interest of the Tuscarawas County community. The sponsor is able to impose its will on Quaker Preparatory Academy, and due to Quaker Preparatory Academy's relationship with New Philadelphia City School District, it would be misleading to exclude Quaker Preparatory Academy. The Sponsor can suspend the Quaker Preparatory Academy's operations for any of the following reasons: 1) the Quaker Preparatory Academy's failure to meet student performance requirements stated in its contract with the Sponsor, 2) the Quaker Preparatory Academy's failure to meet generally accepted standards of fiscal management, 3) the Quaker Preparatory Academy's violation of any provisions of the contract with the Sponsor or applicable State or Federal law, or 4) other good cause. Separately issued financial statements can be obtained from Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

New Philadelphia City School District

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

The School District participates in four jointly governed organizations and two public entity risk pools. These organizations are the Ohio Mid-Eastern Regional Education Service Agency, Buckeye Joint Vocational School District, Tuscarawas County Tax Incentive Review Council, Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Portage Area School Consortium. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Information in the following notes to the basic financial statements is applicable to the primary government. Information for the component units is presented in Notes 25 and 26.

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. Following are the more significant of the School District's accounting policies.

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. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

Fund Financial Statements During the 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Nonmajor funds are aggregated and presented in a single column.

New Philadelphia City School District

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

Fund Accounting

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

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

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

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The School District's only proprietary fund is an internal service fund.

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, or to other governments, on a cost reimbursement basis. The only internal service fund that the School District accounts for is a health, vision, dental and life insurance program, which provides medical benefits to employees.

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 (e.g. revenues) and decreases (e.g. 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, current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

New Philadelphia City School District

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

Like the government-wide statements, the internal service fund is 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 the fund are included on the statement of fund net position. For the internal service fund, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary fund 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, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 8). 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 fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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, grants, interest, tuition and fees, extracurricular activities, donations, charges for services, rentals, and miscellaneous revenues.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the 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

New Philadelphia City School District

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

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, intergovernmental grants, tuition and fees, charges for services, and miscellaneous. 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 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 13 and 14).

Expenditures/Expenses 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.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 sets 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. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the 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.

Cash and Cash Equivalents

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

During fiscal year 2025, investments were limited to STAR Ohio, a repurchase agreement, a money market account, U.S. treasury notes, commercial paper, a U.S. treasury bill, federal home loan bank notes, and federal farm credit bank notes. The School District measures its investment in the repurchase agreement at cost. The School District's remaining investments, except STAR Ohio, are reported at fair value.

New Philadelphia City School District

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

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

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

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Investment earnings/interest revenue credited to the general fund during fiscal year 2025 amounted to \$267,715, which includes \$138,684 assigned from other School District funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period.

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 year in which services are consumed.

Inventory

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption, and donated food and purchased food held for resale.

Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets (except for intangible right to use lease and subscription assets, which are discussed subsequently) are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The School District was able to estimate the historical cost for the initial reporting of assets

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of ten 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 capitalized.

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

Description	Governmental Activities Estimated Lives
<i>Tangible Assets</i>	
Land Improvements	40 years
Leasehold Improvements	10-25 years
Buildings and Building Improvements	10-40 years
Furniture and Equipment	5-20 years
Vehicles	10 years
<i>Intangible Right to Use Lease Assets</i>	
Equipment	5-6 years
<i>Intangible Right to Use Subscription Assets</i>	
Software	2-6 years

The School District is reporting intangible right to use assets related to lease assets 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/subscription term or the useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

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, vacation, and personal 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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

leave includes bereavement leave, military leave, on-the-job injury leave, and court 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.

Leases

The School District serves as both lessee and lessor in various noncancellable leases which are 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 on a straight-line basis over the lease term. Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.

Lessor At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. All lease payments have been received as of fiscal year end.

Subscription-Based Information Technology Arrangements

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 subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term. Subscription assets are reported with other capital assets, and subscription payables are reported with long-term debt on the statement of net position; however, certain SBITA arrangements do not report a liability as payments related to certain School District SBITA arrangements have been made.

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.

New Philadelphia City School District

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, compensated absences 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. Bonds, leases payable, and subscriptions payable 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.

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 the 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 legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. Nonspendable fund balance in the general fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

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 imposed 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 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. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education also assigned fund balance for public school support.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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 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, 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 either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted net position for an OPEB plan represents the corresponding restricted asset amount held in trust by the OPEB plan for future benefits. Net position restricted for other purposes includes unclaimed monies, band uniforms, instructional programs, juvenile attention center, school safety, student activities, and teacher development.

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

Interfund Activity

Transfers between governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the government-wide statements. Interfund payments for 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.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for health, vision, dental and life insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

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

New Philadelphia City School District

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

Note 3 – Changes 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 compensated absences liability, and the cumulative effects of compensated absence related expense decreased beginning net position. This change in accounting principle is separately displayed by reporting unit 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 – Budgetary Basis of Accounting

While the School District is reporting its 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 basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP operating statement.
3. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
5. Budgetary revenues and expenditures of the public school support fund are reclassified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balance

GAAP Basis	\$462,694
Net Adjustment for Revenue Accruals	(823,496)
Ending Unrecorded Cash	(21,752)
Beginning Fair Value Adjustment for Investments	(6,382)
Ending Fair Value Adjustment for Investments	(12,987)
Net Adjustment for Expenditure Accruals	351,136
Perspective Difference:	
Public School Support	4,499
Encumbrances	(644,579)
Budget Basis	<u>(\$690,867)</u>

Note 5 – Compliance and Accountability

Compliance

The School District had negative cash balances at June 30, 2025, in the following funds:

	<u>Amount</u>
<i>Special Revenue:</i>	
Preschool	\$24,450
Title VI-B	57,894
Title III	8,925
Title I	62,382
Title IV-A	982
Preschool Grants	1,745
Improving Teacher Quality	4,800

The negative cash balances indicate that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10. The cash deficits were the result of monies being expended with the expectation that the School District will be reimbursed during fiscal year 2026. Although the cash deficits were not corrected by fiscal year end, management has indicated that cash will be closely monitored to prevent future violations.

Accountability

Fund balances at June 30, 2025, included individual fund deficits in the following funds:

	<u>Amount</u>
<i>Special Revenue:</i>	
Preschool	\$69,264
Title VI-B	107,516
Title III	18,602
Title I	186,195
Title IV-A	1,516
Preschool Grants	5,278
Improving Teacher Quality	5,306

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

Note 6 – Deposits and Investments

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's 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 previously 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;

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate 5 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	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$1,995,232	Less than one year	AAAm	N/A
Cost:				
Repurchase Agreement	1,621,451	Less than one year	N/A	26.61 %
Fair Value - Level 1 Inputs:				
Money Market Account	436,719	Less than one year	AAAm	7.17
Fair Value - Level 2 Inputs:				
U.S. Treasury Notes	861,938	Less than five years	AA+	14.14
Commercial Paper	638,785	Less than one year	A-1 or A-1+	10.48
U.S. Treasury Bill	248,253	Less than one year	N/A	N/A
Federal Home Loan Bank Notes	193,084	Less than five years	AA+	N/A
Federal Farm Credit Bank Notes	98,797	Less than one year	AA+	N/A
Total Investments	<u>\$6,094,259</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 preceding chart

New Philadelphia City School District

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

identifies the School District's recurring fair value measurements as of June 30, 2025. The School District's money market account is measured at fair value based on 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 marts, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring the School District's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

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 repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The School District has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk The School District's investments are rated as shown in the preceding table. The repurchase agreement and the U.S. treasury bill are not rated. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization, the money market account be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization, and that the commercial paper be rated in the highest category at the time of purchase by at least two nationally recognized statistical rating organizations. The School District does not have an investment policy that addresses credit risk beyond the requirements in State statute.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

Note 7 – Receivables

Receivables at June 30, 2025, consisted of taxes, accounts, intergovernmental (grants, tuition and fees, charges for services, and miscellaneous), and 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 fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

New Philadelphia City School District

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

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Title I-A Improving Basic Programs Grant	\$176,826
Food Service Grants and Reimbursements	114,674
IDEA-B Special Education Grant	107,516
School Employees Retirement System Refund	89,874
Regular Tuition	73,718
Early Childhood Education Grant	69,264
Juvenile Attention Center - County Share	45,033
Professional Development Stipend	42,024
Special Education Tuition	27,325
Title III Language Instruction for English Learners Grant	18,508
Medicaid in Schools	15,352
Title I-D Delinquent Grant	9,369
Ohio Mid-Eastern Regional Education Service Agency Food Service Rebate	7,125
Title II-A Supporting Effective Instruction Grant	5,306
IDEA Early Childhood Special Education Grant	5,278
Juvenile Attention Center - Administration Fee	1,801
Title IV-A Student Support and Academic Enrichment Grant	1,516
Quaker Preparatory Academy Health Insurance Premiums	443
Title III Immigrant Grant	94
Total	<u>\$811,046</u>

Leases Receivable

For fiscal year 2025, the School District recognized lease revenue of \$11,584 and interest revenue of \$416 in the general fund related to lease payments received. These lease revenue amounts exclude short-term leases. A description of the School District's leasing arrangement is as follows:

Facility Lease – The School District entered into a lease agreement with Quaker Preparatory Academy for space in the administrative building for a period of 5 years commencing in fiscal year 2021 and ending in fiscal year 2025. Payments were made annually.

Note 8 – 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's parameters. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 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.

New Philadelphia City School District

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

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

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

The amount available as an advance at June 30, 2025, was \$2,173,006 in the general fund and \$61,063 in the permanent improvement capital projects fund. By comparison, the amount available as an advance at June 30, 2024, was \$1,394,209 in the general fund and \$39,069 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

On an 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 as follows:

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$590,222,780	94.08 %	\$593,267,920	93.73 %
Public Utility Personal	37,114,290	5.92	39,679,810	6.27
Total	<u>\$627,337,070</u>	<u>100.00 %</u>	<u>\$632,947,730</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$50.20		\$50.20	

Tax Abatements

The School District's property taxes were reduced as follows under community reinvestment area tax exemption, enterprise zone tax exemption and tax increment financing agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2025 Taxes Abated
<i>Community Reinvestment Area:</i>	
City of New Philadelphia	\$74,833
<i>Enterprise Zone Tax Exemptions:</i>	
City of New Philadelphia	79,752
<i>Tax Increment Financing:</i>	
Goshen Township	107,044

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 9 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>			
Prepays	\$175,600	\$15,372	\$190,972
Inventory	0	3,822	3,822
Unclaimed Monies	294	0	294
<i>Total Nonspendable</i>	<u>175,894</u>	<u>19,194</u>	<u>195,088</u>
<u>Restricted for:</u>			
Athletics	0	179,136	179,136
Capital Projects	0	377,802	377,802
Food Service Operations	0	776,084	776,084
Scholarships	0	1,559,662	1,559,662
Special Education	0	910,241	910,241
Student Instruction	0	174,803	174,803
<u>Other Purposes:</u>			
Band Uniforms	0	3,909	3,909
Community Involvement	0	2,211	2,211
Instructional Programs	0	55,420	55,420
Juvenile Attention Center	0	87,223	87,223
School Safety	0	11,453	11,453
Student Activities	0	79,442	79,442
Teacher Development	0	127	127
<i>Total Restricted</i>	<u>0</u>	<u>4,217,513</u>	<u>4,217,513</u>
<u>Committed to:</u>			
Support Services	<u>1,232</u>	<u>0</u>	<u>1,232</u>
<u>Assigned to:</u>			
Public School Support	48,821	0	48,821
Purchases on Order	155,515	0	155,515
<i>Total Assigned</i>	<u>204,336</u>	<u>0</u>	<u>204,336</u>
Unassigned (Deficit)	<u>0</u>	<u>(393,677)</u>	<u>(393,677)</u>
Total Fund Balances	<u><u>\$381,462</u></u>	<u><u>\$3,843,030</u></u>	<u><u>\$4,224,492</u></u>

New Philadelphia City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 – Capital Assets

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

	Balance 7/1/2024	Additions	Reductions	Reclassifications	Balance 6/30/2025
Governmental Activities					
<i>Nondepreciable Capital Assets</i>					
Land	\$1,147,410	\$62,810	(\$46,146)	\$0	\$1,164,074
Construction in Progress	494,755	208,929	(700,755)	0	2,929
<i>Total Nondepreciable Capital Assets</i>	1,642,165	271,739	(746,901)	0	1,167,003
<i>Depreciable/Amortizable Capital Assets</i>					
<i>Tangible Assets</i>					
Land Improvements	434,764	24,862	(59,160)	0	400,466
Leasehold Improvements	876,822	0	(9,969)	0	866,853
Buildings and Building Improvements	26,381,696	984,015	(185,843)	0	27,179,868
Furniture and Equipment	9,071,415	220,398	(4,839,760)	128,199	4,580,252
Vehicles	2,303,970	267,986	(155,083)	0	2,416,873
<i>Total Tangible Assets</i>	39,068,667	1,497,261	(5,249,815)	128,199	35,444,312
<i>Intangible Right to Use</i>					
<i>Lease Assets</i>					
Intangible Right to Use - Equipment	128,199	159,742	0	(128,199)	159,742
<i>Subscription Assets</i>					
Intangible Right to Use - Software	435,001	226,710	(38,953)	0	622,758
<i>Total Intangible Right to Use Assets</i>	563,200	386,452	(38,953)	(128,199)	782,500
<i>Total Depreciable/Amortizable Capital Assets</i>	39,631,867	1,883,713	(5,288,768)	0	36,226,812
<i>Less Accumulated Depreciation/Amortization</i>					
<i>Depreciation</i>					
Land Improvements	(22,476)	(6,710)	9,388	0	(19,798)
Leasehold Improvements	(347,064)	(75,302)	1,385	0	(420,981)
Buildings and Building Improvements	(15,950,056)	(596,916)	65,843	0	(16,481,129)
Furniture and Equipment	(3,306,122)	(228,128)	2,639,164	(85,467)	(980,553)
Vehicles	(1,303,218)	(197,007)	121,800	0	(1,378,425)
<i>Total Depreciation</i>	(20,928,936)	(1,104,063)	2,837,580	(85,467)	(19,280,886)
<i>Amortization</i>					
<i>Intangible Right to Use</i>					
<i>Lease Assets</i>					
Intangible Right to Use - Equipment	(72,647)	(28,034)	0	85,467	(15,214)
<i>Subscription Assets</i>					
Intangible Right to Use - Software	(172,892)	(181,310)	35,014	0	(319,188)
<i>Total Amortization</i>	(245,539)	(209,344)	35,014	85,467	(334,402)
<i>Total Accumulated Depreciation/Amortization</i>	(21,174,475)	(1,313,407) *	2,872,594	0	(19,615,288)
<i>Total Depreciable/Amortizable Capital Assets, Net</i>	18,457,392	570,306	(2,416,174)	0	16,611,524
<i>Total Governmental Activities Capital Assets, Net</i>	\$20,099,557	\$842,045	(\$3,163,075)	\$0	\$17,778,527

During fiscal year 2025, the School District exercised a purchase option on leased copiers. Therefore the capital assets were reclassified from intangible right to use lease assets to tangible assets.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

Function	Depreciation	Amortization		Total
		Lease Assets	Subscription Assets	
Instruction:				
Regular	\$664,274	\$0	\$177,694	\$841,968
Special	2,267	0	0	2,267
Support Services:				
Instructional Staff	15,907	0	0	15,907
Board of Education	642	0	0	642
Fiscal	0	0	3,616	3,616
Operation and Maintenance of Plant	233,141	28,034	0	261,175
Pupil Transportation	182,604	0	0	182,604
Operation of Food Services	4,260	0	0	4,260
Extracurricular Activities	968	0	0	968
Total Depreciation/Amortization Expense	<u>\$1,104,063</u>	<u>\$28,034</u>	<u>\$181,310</u>	<u>\$1,313,407</u>

Note 11 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2025, consisted of the following:

Interfund Payable	Interfund Receivable General
<i>Other Governmental Funds:</i>	
Preschool	\$24,450
Title VI-B	57,894
Title III	8,925
Title I	62,382
Title IV-A	982
Preschool Grants	1,745
Improving Teacher Quality	4,800
Total	<u>\$161,178</u>

Interfund receivables in the general fund are due to the timing of the receipt of grant monies. The general fund provides money to operate the programs until grants are received and the advances can be repaid.

Interfund Transfers

During fiscal year 2025, the general fund transferred \$240,000 to other governmental funds to move unrestricted balances to support programs and projects accounted for in those funds.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 12 – Risk Management

Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. Coverage is secured through American Southern Home. Cyber coverage was placed with Crum and Forster. During fiscal year 2025, the School District contracted for property, inland marine, and liability insurance and fleet coverage as follows:

Type of Coverage	Deductible	Coverage
Property (Including Inland Marine)	\$10,000	\$140,034,758
Automobile Liability	1,000	1,000,000
Uninsured Motorists	0	1,000,000
Data and Cyber Security	10,000	1,000,000
Computer Fraud	5,000	500,000
General Liability:		
Per Occurrence	N/A	1,000,000
Aggregate Limit	N/A	3,000,000

Settled claims have not exceeded this coverage in any of the past three years. There was no significant reduction in insurance coverage from the prior year.

Workers' Compensation

For fiscal year 2025, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience, and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The School District is a member of the Portage Area School Consortium (the Consortium), a shared risk pool (see Note 20), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve. The School District pays premiums of \$1,974 for family coverage and \$815 for single coverage per employee per month.

New Philadelphia City School District

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

Note 13 – 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 14 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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 30 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 \$642,687 for fiscal year 2025. Of this amount, \$33,117 is reported as an intergovernmental payable.

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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New Philadelphia City School District

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

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 Combined Plan payment is payable to a member on or after age 60 with 5 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 50 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.

New Philadelphia City School District

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

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 \$2,520,051 for fiscal year 2025. Of this amount, \$366,825 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	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.10660370%	0.12476420%	
Prior Measurement Date	0.11538160%	0.12562416%	
Change in Proportionate Share	-0.00877790%	-0.00085996%	
Proportionate Share of the Net			
Pension Liability	\$5,453,415	\$24,006,648	\$29,460,063
Pension Expense	\$437,402	\$1,007,922	\$1,445,324

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$208,207	\$1,511,791	\$1,719,998
Changes of assumptions	48,785	1,106,358	1,155,143
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	306	35,215	35,521
School District contributions subsequent to the measurement date	642,687	2,520,051	3,162,738
Total Deferred Outflows of Resources	\$899,985	\$5,173,415	\$6,073,400

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$13,146	\$13,146
Changes of assumptions	0	832,770	832,770
Net difference between projected and actual earnings on pension plan investments	341,108	2,064,083	2,405,191
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	348,915	789,084	1,137,999
Total Deferred Inflows of Resources	\$690,023	\$3,699,083	\$4,389,106

\$3,162,738 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$390,941)	(\$1,766,556)	(\$2,157,497)
2027	212,242	2,035,114	2,247,356
2028	(153,721)	(777,691)	(931,412)
2029	(100,305)	(536,586)	(636,891)
Total	(\$432,725)	(\$1,045,719)	(\$1,478,444)

Actuarial Assumptions – SERS

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

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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 the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$8,342,970	\$5,453,415	\$3,020,566

Actuarial Assumptions – STRS

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

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

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 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.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

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

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$38,726,930	\$24,006,648	\$11,555,818

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 14 – Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$78,876.

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 \$78,876 for fiscal year 2025, which is reported as an intergovernmental payable.

New Philadelphia City School District

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

State Teachers Retirement System (STRS)

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

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

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

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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.10834480%	0.12476420%	
Prior Measurement Date	0.11858380%	0.12562416%	
Change in Proportionate Share	-0.01023900%	-0.00085996%	
Proportionate Share of the:			
Net OPEB Liability	\$1,103,487	\$0	\$1,103,487
Net OPEB (Asset)	\$0	(\$2,366,540)	(\$2,366,540)
OPEB Expense	(\$189,960)	(\$491,114)	(\$681,074)

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$102,878	\$102,878
Changes of assumptions	473,616	291,288	764,904
Net difference between projected and actual earnings on OPEB plan investments	5,388	0	5,388
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	41,250	16,074	57,324
School District contributions subsequent to the measurement date	<u>78,876</u>	<u>0</u>	<u>78,876</u>
Total Deferred Outflows of Resources	<u>\$599,130</u>	<u>\$410,240</u>	<u>\$1,009,370</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,189,845	\$255,032	\$1,444,877
Changes of assumptions	506,901	1,067,294	1,574,195
Net difference between projected and actual earnings on OPEB plan investments	0	101,613	101,613
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>388,100</u>	<u>247</u>	<u>388,347</u>
Total Deferred Inflows of Resources	<u>\$2,084,846</u>	<u>\$1,424,186</u>	<u>\$3,509,032</u>

\$78,876 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 fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	(\$377,586)	(\$359,151)	(\$736,737)
2027	(282,353)	(156,575)	(438,928)
2028	(213,921)	(201,369)	(415,290)
2029	(168,877)	(187,240)	(356,117)
2030	(167,255)	(151,126)	(318,381)
Thereafter	<u>(354,600)</u>	<u>41,515</u>	<u>(313,085)</u>
Total	<u>(\$1,564,592)</u>	<u>(\$1,013,946)</u>	<u>(\$2,578,538)</u>

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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:

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

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

New Philadelphia City School District

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board 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 13.

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 for SERS, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88 percent) and higher (5.88 percent) than the current discount rate (4.88 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$1,471,460	\$1,103,487	\$811,082

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	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	\$745,916	\$1,103,487	\$1,573,485

Actuarial Assumptions – STRS

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

	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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

New Philadelphia City School District

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates 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)	(\$1,924,152)	(\$2,366,540)	(\$2,751,511)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$2,777,516)	(\$2,366,540)	(\$1,872,285)

Note 15 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Administrative contracts designate the maximum number of vacation days that may be carried over from one contract year to the next. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for certified staff and classified staff. Upon retirement, payment is made for one-fourth of the accrued, unused sick leave credit, up to a maximum of 65 days for certified employees and classified employees. Certified and classified employees can receive an additional 10 days and 5 days, respectively, of paid severance for early notice by submitting a letter of resignation prior to a specified date based on employee classification.

New Philadelphia City School District

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

Vision and Life Insurance Benefits

The School District provides dental insurance, vision insurance, and life insurance and accidental death and dismemberment insurance to most employees. Dental insurance is provided through Delta Dental, vision insurance is provided through Vision Service Plan, and life insurance is provided through Guardian Life Insurance.

Social Security System

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

Note 16 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2025 were as follows:

	Amount Outstanding 7/1/2024	Additions	Reductions	Amount Outstanding 6/30/2025	Amount Due in One Year
Governmental Activities					
General Obligation Bonds from Direct Placement:					
2018 School Improvement Bonds	\$187,000	\$0	(\$44,000)	\$143,000	\$46,000
Net Pension Liability:					
SERS	6,375,428	0	(922,013)	5,453,415	0
STRS	27,053,085	0	(3,046,437)	24,006,648	0
Total Net Pension Liability	33,428,513	0	(3,968,450)	29,460,063	0
Net OPEB Liability - SERS	1,953,603	0	(850,116)	1,103,487	0
Financed Purchases Payable from Direct Borrowings	5,797	0	(1,678)	4,119	1,815
Leases Payable	57,747	183,117	(70,032)	170,832	30,930
Subscriptions Payable	70,016	226,710	(272,788)	23,938	19,373
Compensated Absences	9,347,737	52,716	0	9,400,453	1,916,789
Total Governmental Activities Long-Term Liabilities	\$45,050,413	\$462,543	(\$5,207,064)	\$40,305,892	\$2,014,907

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

On June 1, 2018, the School District issued \$420,000 in general obligation bonds through direct placement for the purpose of paying costs of acquiring and installing boilers at the high school complex. The bonds were issued for a 10-year period with final maturity at June 1, 2028. Interest payments of 3.61 percent per annum are due on June 1 and December 1 of each year, until the principal amount is paid. The bonds are being retired through the permanent improvement fund.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Optional Redemption The bonds are subject to optional redemption prior to maturity at any time from June 1, 2018, through May 31, 2026, inclusive, at a redemption price equal to 101 percent of the principal amount redeemed, and from June 1, 2026, through June 1, 2028, inclusive, at 100 percent of the principal amount redeemed, in all cases including interest accrued to the redemption date as provided in and in accordance with the bond resolution.

There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and the food service, juvenile attention, summer school, athletics, auxiliary services, preschool, elementary and secondary school emergency relief, title VI-B, title III, title I, and preschool grants special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 13 and 14. Leases payable will be paid from the general fund. Subscriptions payable will be paid from the general fund.

During fiscal year 2022, the School District entered into a financed purchase agreement through direct borrowings for copiers in the amount of \$8,900, to be paid from the summer school special revenue fund.

The School District's overall legal debt margin was \$56,647,296 with an unvoted debt margin of \$314,948 at June 30, 2025. Principal and interest requirements to retire general obligation debt outstanding at June 30, 2025, are as follows:

Fiscal Year	General Obligation Bonds from Direct Placement		Financed Purchases from Direct Borrowings	
	Principal	Interest	Principal	Interest
2026	\$46,000	\$4,747	\$1,815	\$258
2027	48,000	3,069	1,962	111
2028	49,000	1,336	342	3
Total	\$143,000	\$9,152	\$4,119	\$372

The School District has outstanding agreements to lease copiers and also has various outstanding contracts to use a SBITA vendor's IT software, including courseware/digital curriculum and various other software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. A summary of the principal and interest amounts for the remaining leases/subscriptions are as follows:

Fiscal Year	Leases Payable		Subscriptions Payable	
	Principal	Interest	Principal	Interest
2026	\$30,930	\$10,601	\$19,373	\$1,562
2027	33,086	8,445	4,565	310
2028	35,394	6,137	0	0
2029	37,861	3,670	0	0
2030	33,561	1,048	0	0
Total	\$170,832	\$29,901	\$23,938	\$1,872

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 17 – Short-Term Note

Note activity for the year ended June 30, 2025, was as follows:

	Amount Outstanding 07/01/24	Additions	Reductions	Amount Outstanding 06/30/25
Governmental Activities				
Real Estate Acquisition Note, Series 2025				
4.66% Maturity 4/24/2026	\$0	\$175,000	\$0	\$175,000

On April 24, 2025, the note was issued for the purpose of acquiring real property for School District purposes. The note was backed by the full faith and credit of the School District and will be paid from the permanent improvement fund.

Note 18 – 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Capital Improvements
Set-Aside Balance as of June 30, 2024	\$0
Current Year Set-Aside Requirement	670,679
Current Year Offsets	(494,629)
Qualifying Disbursements	(439,081)
Totals	(\$263,031)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2025	\$0

Although the School District had current year offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero, this amount may not be used to reduce the set-aside requirement of future years. The negative balance is therefore not presented as being carried forward to future years.

New Philadelphia City School District

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

Note 19 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Education Service Agency

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an education management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas counties. OME-RESA operates under the direction of a board of directors composed of one representative for each of the participating counties as well as an at-large member from the JVS and the Fiscal Advisory Committee. The superintendent or treasurer of the appointed fiscal agent is a standing member of the Board. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. During fiscal year 2025, the School District paid \$162,546 to OME-RESA for various services. To obtain financial information, write to the Ohio Mid-Eastern Regional Education Service Agency, 2230 Sunset Boulevard Suite 2, Steubenville, Ohio 43952.

Buckeye Joint Vocational School District

The Buckeye Joint Vocational School District, which provides vocational education programs, is a distinct subdivision of the State of Ohio operated under a Board consisting of one representative from each of the eleven participating school districts' elected boards, which possessed its own budgeting and taxing authority. During fiscal year 2025, the School District paid \$8,072 to Buckeye Joint Vocational School District for various items. To obtain financial information, write to Buckeye Joint Vocational School District, 545 University Drive NE, New Philadelphia, Ohio 44663.

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 55 members, consisting of 3 members appointed by the County Commissioners, 22 members appointed by municipal corporations, 18 members appointed by township trustees, 1 member from the County Auditor's office, and 11 members appointed by boards of education located within the County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2025, the School District made no payments to the TCTIRC.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including numerous school districts in Ohio. The Coalition is operated by a Board which is composed of no more than nineteen members, not including ex-officio members. The board members are composed of the Dean of the College of Education and two additional members from Ohio University appointed by the Dean, one elected member from each of the eight multi-county regions, and eight additional members appointed by each of the elected members, one from each multi-county region. Elected and appointed members, other than those representing Ohio University, must be active school superintendents from a member school district. The Coalition provides various in-service for school district administrative personnel; gathers data regarding

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

conditions of education 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 Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$400 for fiscal year 2025.

Note 20 – Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Portage Area School Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium is a stand-alone entity, composed of two stand-alone pools, the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to Federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

Note 21 – Contingent Liabilities

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, if applicable, cannot be determined at this time.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended 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 are finalized, and a payable has been recorded on the financial statements.

Litigation

The School District is not party to any material legal proceedings.

Note 22 – Significant Commitments

Contractual Commitments

The School District had the following contractual commitments outstanding at June 30, 2025:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Welty Elevator Door Replacement	\$26,500	\$0	\$26,500
Fire Suppression Improvement	21,469	0	21,469
Real Estate Acquisition	67,500	0	67,500
Public Safety Radio Systems	101,492	0	101,492
Total	<u>\$216,961</u>	<u>\$0</u>	<u>\$216,961</u>

The remaining commitment amounts were encumbered at fiscal year end. Accounts payable of \$24,430 and contracts payable of \$101,492 have been capitalized.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to ensure 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:

<i>Governmental Funds:</i>	
General	\$644,579
Other Governmental Funds	<u>371,526</u>
Total	<u>\$1,016,105</u>

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Note 23 – Related Party Transactions

Quaker Digital Academy

In fiscal year 2025, the Quaker Digital Academy paid the School District \$770,897 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Quaker Preparatory Academy

In fiscal year 2025, the Quaker Preparatory Academy paid the School District \$127,459 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Note 24 – Subsequent Events

New Philadelphia City School has not renewed the sponsorship contract with Quaker Preparatory Academy. On July 1, 2025, Quaker Preparatory Academy merged with Quaker Digital Academy with Quaker Digital Academy designated as the surviving school.

The Board of Education approved a resolution to place on the ballot in the November 2025 election a bond issue in the amount of \$72,000,000 in school improvements bonds and an additional 1.0-mill tax levy to provide funds for the acquisition, construction, enlargement, renovation, and financing of general permanent improvements. The levy issue did not pass.

On January 7, 2026, the Board of Education approved a resolution to place on the ballot in the May 2026 election an earned income tax levy of 1.5 percent, which is estimated to generate \$7,241,796. The tax would be used to pay for the School District's share of the facility project that has been approved by the Ohio Facility Construction Commission.

Note 25 – Quaker Digital Academy

The Quaker Digital Academy (the Academy) has been determined to be a discrete component unit, as the School District is able to impose its will on the Academy, and due to the Academy's relationship with the School District, it would be misleading to exclude the Academy. Therefore, it has been included as part of the School District's basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Basis of Presentation

The Academy is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position. The Academy uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's basic financial statements are prepared using the accrual basis of accounting.

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.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans.

In addition to liabilities, the 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 Academy, deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position.

Unearned Revenue Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The Academy recognizes unearned revenue for grant resources transmitted before eligibility requirements are met.

Leases Payable

The Academy serves as lessee in various noncancellable leases. At the commencement of a lease, the Academy 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 on a straight-line basis 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 debt.

Subscription-Based Information Technology Arrangements

The Academy is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the Academy initially measures the subscription liability at the present value of payments expected to be made during the subscription

New Philadelphia City School District

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

term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets, and subscription payables are reported with long-term debt on the statement of net position; however, certain SBITA arrangements do not report a liability as payments related to certain Academy SBITA arrangements were made prior to the commencement of the subscription term.

Compensated Absences

For the Academy, 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 Academy does not offer noncash settlements. The Academy 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 Academy, this leave includes sick, vacation, and personal time. However, the Academy also has certain compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the Academy this type of leave includes bereavement leave, military leave, on-the-job injury leave, and court 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.

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.

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 either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted net position for an OPEB plan represents the corresponding restricted asset amount held in trust by the OPEB plan for future benefits. Net position restricted for other purposes includes special education, educational improvements, school safety, and unclaimed monies.

New Philadelphia City School District

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

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Change in Accounting Principles

For fiscal year 2025, the Academy 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 Academy, GASB Statement No. 101 increased the compensated absences liability, and the cumulative effects of compensated absence related expense decreased beginning net position. This change in accounting principle is separately displayed by reporting unit 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. The Academy evaluated their concentrations and constraints but did not have any events that required disclosure.

Deposits and Investments

At fiscal year end, the carrying amount of the Academy's deposits was \$84,093, and the bank balance was \$99,150. Protection of the Academy's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

As of June 30, 2025, the Academy had the following investment:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>
Cost:		
Repurchase Agreement	\$6,348,137	Daily

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Academy's investment policy addresses interest rate risk by requiring the Academy's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The Academy has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Credit Risk The Academy has no investment policy dealing with investment credit risk beyond the requirement of State statute.

Concentration of Credit Risk The Academy places no limit on the amount it may invest in any one issuer.

Related Party Transactions

In fiscal year 2025, the Academy paid the School District \$770,897 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Capital Assets

All capital assets (except for intangible right to use lease assets and subscription assets, which are discussed subsequently) are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of five thousand dollars. The Academy 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 capitalized.

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

Description	Estimated Lives
<i>Tangible Assets</i>	
Furniture and Equipment	5-20 years
Vehicles	10 years
<i>Intangible Right to Use Lease Assets</i>	
Buildings	3-10 years
Equipment	5 years
<i>Intangible Right to Use Subscription Assets</i>	
Software	1.2-5 years

The Academy is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings and 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/subscription term or the useful life of the underlying asset.

New Philadelphia City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025
<i>Nondepreciable Capital Assets</i>				
Land	\$0	\$288,150	\$0	\$288,150
Construction in Progress	13,081	125,172	(13,081)	125,172
<i>Total Nondepreciable Capital Assets</i>	13,081	413,322	(13,081)	413,322
<i>Depreciable/Amortizable Capital Assets</i>				
<i>Tangible Assets</i>				
Buildings and Improvements	0	263,594	0	263,594
Furniture and Equipment	339,718	35,554	0	375,272
Vehicles	69,448	0	0	69,448
<i>Total Tangible Assets</i>	409,166	299,148	0	708,314
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Buildings	718,378	80,259	(45,680)	752,957
Intangible Right to Use - Equipment	7,814	0	0	7,814
<i>Total Lease Assets</i>	726,192	80,259	(45,680)	760,771
<i>Subscription Assets</i>				
Intangible Right to Use - Software	337,140	19,625	(15,993)	340,772
<i>Total Intangible Right to Use Assets</i>	1,063,332	99,884	(61,673)	1,101,543
<i>Total Depreciable/Amortizable Capital Assets</i>	1,472,498	399,032	(61,673)	1,809,857
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Buildings and Improvements	0	(6,041)	0	(6,041)
Furniture and Equipment	(83,163)	(29,381)	0	(112,544)
Vehicles	(62,263)	(4,505)	0	(66,768)
<i>Total Depreciation</i>	(145,426)	(39,927)	0	(185,353)
<i>Amortization</i>				
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Buildings	(252,698)	(98,010)	45,680	(305,028)
Intangible Right to Use - Equipment	(3,126)	(1,562)	0	(4,688)
<i>Total Lease Assets</i>	(255,824)	(99,572)	45,680	(309,716)
<i>Subscription Assets</i>				
Intangible Right to Use - Software	(118,905)	(81,629)	15,993	(184,541)
<i>Total Amortization</i>	(374,729)	(181,201)	61,673	(494,257)
<i>Total Accumulated Depreciation/Amortization</i>	(520,155)	(221,128)	61,673	(679,610)
<i>Total Depreciable/Amortizable Capital Assets, Net</i>	952,343	177,904	0	1,130,247
<i>Total Capital Assets, Net</i>	\$965,424	\$591,226	(\$13,081)	\$1,543,569

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Defined Benefit Pension Plans

Employee retirement benefits are available for substantially all employees under either the School Employees Retirement System (SERS) or the State Teachers Retirement System (STRS). The Academy 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. Academy 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 has three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Plan descriptions and actuarial information for the Academy's defined benefit pension plans are the same as the School District's. (See Note 13).

The Academy's contractually required contribution to SERS was \$78,707 for fiscal year 2025. Of this amount, \$1,440 is reported as an intergovernmental payable. The Academy's contractually required contribution to STRS was \$347,514 for fiscal year 2025. Of this amount, \$9,084 is reported as an intergovernmental payable.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01316180%	0.01402757%	
Prior Measurement Date	<u>0.01274480%</u>	<u>0.01196283%</u>	
Change in Proportionate Share	<u>0.00041700%</u>	<u>0.00206474%</u>	
Proportionate Share of the Net Pension Liability	\$673,305	\$2,699,131	\$3,372,436
Pension Expense	(\$4,256)	\$153,962	\$149,706

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$25,706	\$169,975	\$195,681
Changes of assumptions	6,023	124,391	130,414
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	15,752	409,880	425,632
Academy contributions subsequent to the measurement date	<u>78,707</u>	<u>347,514</u>	<u>426,221</u>
Total Deferred Outflows of Resources	<u>\$126,188</u>	<u>\$1,051,760</u>	<u>\$1,177,948</u>

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$1,478	\$1,478
Changes of assumptions	0	93,631	93,631
Net difference between projected and actual earnings on pension plan investments	42,115	232,070	274,185
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	38,647	104,518	143,165
Total Deferred Inflows of Resources	\$80,762	\$431,697	\$512,459

\$426,221 reported as deferred outflows of resources related to pension resulting from Academy 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$50,234)	(\$150,286)	(\$200,520)
2027	31,063	355,739	386,802
2028	(1,726)	39,486	37,760
2029	(12,384)	27,610	15,226
Total	(\$33,281)	\$272,549	\$239,268

Sensitivity of the Academy'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 the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	\$1,030,063	\$673,305	\$372,933

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	\$4,354,171	\$2,699,131	\$1,299,251

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Defined Benefit OPEB Plans

Plan descriptions and actuarial information for the Academy's defined benefit post-retirement plans are the same as the School District's (See Note 14).

For fiscal year 2025, the Academy's surcharge obligation was \$5,908. 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 Academy's contractually required contribution to SERS was \$5,908 for fiscal year 2025, which is reported as an intergovernmental payable. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

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 Academy's proportion of the net OPEB liability (asset) was based on the Academy'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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.01237820%	0.01402757%	
Prior Measurement Date	<u>0.01192150%</u>	<u>0.01196283%</u>	
Change in Proportionate Share	<u>0.00045670%</u>	<u>0.00206474%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$126,071	\$0	\$126,071
Net OPEB (Asset)	\$0	(\$266,076)	(\$266,076)
OPEB Expense	(\$30,566)	(\$60,069)	(\$90,635)

At June 30, 2025, the Academy 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	\$11,567	\$11,567
Changes of assumptions	54,110	32,750	86,860
Net difference between projected and actual earnings on OPEB plan investments	615	0	615
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	525	904	1,429
Academy contributions subsequent to the measurement date	<u>5,908</u>	<u>0</u>	<u>5,908</u>
Total Deferred Outflows of Resources	<u>\$61,158</u>	<u>\$45,221</u>	<u>\$106,379</u>

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$135,938	\$28,674	\$164,612
Changes of assumptions	57,912	119,999	177,911
Net difference between projected and actual earnings on OPEB plan investments	0	11,425	11,425
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	107,486	15,327	122,813
Total Deferred Inflows of Resources	\$301,336	\$175,425	\$476,761

\$5,908 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$54,001)	(\$42,438)	(\$96,439)
2027	(43,605)	(20,188)	(63,793)
2028	(37,145)	(25,183)	(62,328)
2029	(34,069)	(23,460)	(57,529)
2030	(33,884)	(19,396)	(53,280)
Thereafter	(43,382)	461	(42,921)
Total	(\$246,086)	(\$130,204)	(\$376,290)

Sensitivity of the Academy'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 for SERS, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88 percent) and higher (5.88 percent) than the current discount rate (4.88 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
Academy's proportionate share of the net OPEB liability	\$168,112	\$126,071	\$92,665

	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%)
Academy's proportionate share of the net OPEB liability	\$85,220	\$126,071	\$179,768

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Sensitivity of the Academy'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%)
Academy's proportionate share of the net OPEB (asset)	(\$216,338)	(\$266,076)	(\$309,360)

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB (asset)	(\$312,283)	(\$266,076)	(\$210,506)

Long-Term Obligations

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

The changes in the Academy's long-term obligations during fiscal year 2025 were as follows:

	Amount Outstanding 7/1/2024	Additions	Reductions	Amount Outstanding 6/30/2025	Amount Due in One Year
Intergovernmental Payable:					
Fiscal Year 2016 FTE Agreement	\$331,975	\$0	(\$331,975)	\$0	\$0
Leases Payable	479,555	80,259	(97,977)	461,837	97,880
Subscriptions Payable	194,129	9,500	(76,605)	127,024	68,129
Compensated Absences	357,501	49,726	0	407,227	146,858
Net Pension Liability:					
SERS	704,216	0	(30,911)	673,305	0
STRS	2,576,188	122,943	0	2,699,131	0
Total Net Pension Liability	3,280,404	122,943	(30,911)	3,372,436	0
Net OPEB Liability - SERS	196,400	0	(70,329)	126,071	0
<i>Total Long-Term Liabilities</i>	<u>\$4,839,964</u>	<u>\$262,428</u>	<u>(\$607,797)</u>	<u>\$4,494,595</u>	<u>\$312,867</u>

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

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

On February 20, 2019, the Academy and the State Board of Education reached an agreement to settle the Academy's appeal of the Ohio Department of Education's FTE review determination for fiscal year 2016. The agreement resulted in the Academy owing \$1,991,850 to the State Board of Education, which was repaid through equal monthly Foundation deductions in fiscal years 2020 through 2025.

The Academy has outstanding agreements to lease office space and a postage meter and also has various outstanding contracts to use a SBITA vendor's IT software, including courseware and other software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using the Academy's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. A summary of the principal and interest amounts for the remaining leases/subscriptions is as follows:

Fiscal Year	Leases		Subscriptions	
	Principal	Interest	Principal	Interest
2026	\$97,880	\$6,081	\$68,129	\$7,938
2027	81,663	4,298	58,895	3,645
2028	80,376	3,246	0	0
2029	82,260	2,201	0	0
2030	83,338	1,123	0	0
2031	36,320	147	0	0
	<u>\$461,837</u>	<u>\$17,096</u>	<u>\$127,024</u>	<u>\$11,583</u>

The Academy has also committed to additional software contracts. These will be recorded on the Academy's financial statements in fiscal year 2026 upon commencement of the subscription term.

Contractual Commitments

The Academy had the following contractual commitments outstanding at June 30, 2025:

Project	Contract Amount	Amount Paid	Remaining on Contract
Building Renovations - Architect	\$85,000	\$59,500	\$25,500
Building Renovations - Contractor	1,573,565	0	1,573,565
Total	<u>\$1,658,565</u>	<u>\$59,500</u>	<u>\$1,599,065</u>

Contracts payable of \$57,477 and retainage payable of \$4,299 have been capitalized.

Relationship with Quaker Preparatory Academy

The Quaker Digital Academy and the Quaker Preparatory Academy Board of Directors are composed of the same individuals and share the same Sponsor, New Philadelphia City School District. Quaker Preparatory Academy utilizes office space in a building in which rent and related utilities are paid exclusively by Quaker Digital Academy. Additionally, employees paid exclusively by Quaker Digital Academy are also utilized by Quaker Preparatory Academy. The amount of the purchased services, excluding building rent, paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately \$18,887 for fiscal year 2025, and this amount has been classified as intergovernmental expense on the financial statements. Rent and salaries paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately \$13,682 and \$55,480, respectively, for fiscal year 2025.

New Philadelphia City School District

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

Subsequent Event

On July 1, 2025, Quaker Preparatory Academy merged with Quaker Digital Academy. All assets and liabilities belong to Quaker Digital Academy as of that date.

Note 26 – Quaker Preparatory Academy

The Quaker Preparatory Academy (the Academy) has been determined to be a discrete component unit, as the School District is able to impose its will on the Academy, and due to the Academy's relationship with the School District, it would be misleading to exclude the Academy. Therefore, it has been included as part of the School District's basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Basis of Presentation

The Academy is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position. The Academy uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's basic financial statements are prepared using the accrual basis of accounting.

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.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans.

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

In addition to liabilities, the 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 Academy, deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position.

Leases/Subscriptions Payable

The Academy serves as lessee in a noncancellable lease. At the commencement of a lease, the Academy 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 on a straight-line basis 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 debt.

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

Compensated Absences

For the Academy, 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 Academy does not offer noncash settlements. The Academy 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 Academy, this leave includes sick, vacation, and personal time. However, the Academy also has certain compensated absences that are dependent upon the occurrence of a sporadic event that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the Academy this type of leave includes bereavement leave, military leave, on-the-job injury leave, and court 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.

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

New Philadelphia City School District

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

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.

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, 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 either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted net position for an OPEB plan represents the corresponding restricted asset amount held in trust by the OPEB plan for future benefits. Net position restricted for other purposes includes professional development and career technical education.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Change in Accounting Principles

For fiscal year 2025, the Academy 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 Academy, GASB Statement No. 101 increased the compensated absences liability, and the cumulative effects of compensated absence related expense decreased beginning net position. This change in accounting principle is separately displayed by reporting unit 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. The Academy evaluated their concentrations and constraints but did not have any events that required disclosure.

Deposits and Investments

At fiscal year end, the carrying amount of the Academy's deposits was \$18,972 and the bank balance was \$25,701. Protection of the Academy's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

As of June 30, 2025, the Academy had the following investment:

Measurement/Investment	Measurement Amount	Maturity
Cost:		
Repurchase Agreement	\$1,735,748	Daily

New Philadelphia City School District

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

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Academy's investment policy addresses interest rate risk by requiring the Academy's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The Academy has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk The Academy has no investment policy dealing with investment credit risk beyond the requirement of State statute.

Concentration of Credit Risk The Academy places no limit on the amount it may invest in any one issuer.

Related Party Transactions

In fiscal year 2025, the Academy paid the School District \$127,459 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Capital Assets

All capital assets (except for intangible right to use lease assets and subscription assets, which are discussed subsequently) are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of five thousand dollars. The Academy 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 capitalized.

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

Description	Estimated Lives
<i>Tangible Assets</i>	
Furniture and Equipment	5-20 years
<i>Intangible Right to Use Lease Assets</i>	
Buildings	4 years
<i>Intangible Right to Use Subscription Assets</i>	
Software	2-3 years

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The Academy is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings 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/subscription term or the useful life of the underlying asset.

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

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025
<i>Depreciable/Amortizable Capital Assets</i>				
<i>Tangible Assets</i>				
Furniture and Equipment	\$6,517	\$0	\$0	\$6,517
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Buildings	43,983	0	(43,983)	0
<i>Subscription Assets</i>				
Intangible Right to Use - Software	8,298	0	(8,298)	0
<i>Total Intangible Assets</i>	52,281	0	(52,281)	0
<i>Total Depreciable/Amortizable Capital Assets</i>	58,798	0	(52,281)	6,517
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Furniture and Equipment	(1,955)	(652)	0	(2,607)
<i>Amortization</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Buildings	(32,987)	(10,996)	43,983	0
<i>Subscription Assets</i>				
Intangible Right to Use - Software	(5,281)	(3,017)	8,298	0
<i>Total Amortization</i>	(38,268)	(14,013)	52,281	0
<i>Total Accumulated Depreciation/Amortization</i>	(40,223)	(14,665)	52,281	(2,607)
<i>Total Capital Assets, Net</i>	\$18,575	(\$14,665)	\$0	\$3,910

Defined Benefit Pension Plans

Employee retirement benefits are available for substantially all employees under either the School Employees Retirement System (SERS) or the State Teachers Retirement System (STRS). The Academy 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. Academy licensed teachers and other faculty members participate in STRS Ohio, 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 has three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Plan descriptions and actuarial information for the Academy's defined benefit pension plans are the same as the School District's. (See Note 13).

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

The Academy's contractually required contribution to SERS was \$11,140 for fiscal year 2025. Of this amount, \$0 is reported as an intergovernmental payable. The Academy's contractually required contribution to STRS was \$69,282 for fiscal year 2025. Of this amount, \$0 is reported as an intergovernmental payable.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00171670%	0.00348788%	
Prior Measurement Date	<u>0.00210760%</u>	<u>0.00273034%</u>	
Change in Proportionate Share	<u>-0.00039090%</u>	<u>0.00075754%</u>	
Proportionate Share of the Net Pension Liability	\$87,819	\$671,124	\$758,943
Pension Expense	\$20,258	\$187,132	\$207,390

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$3,353	\$42,263	\$45,616
Changes of assumptions	786	30,929	31,715
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	0	202,334	202,334
Academy contributions subsequent to the measurement date	<u>11,140</u>	<u>69,282</u>	<u>80,422</u>
Total Deferred Outflows of Resources	<u>\$15,279</u>	<u>\$344,808</u>	<u>\$360,087</u>

Deferred Inflows of Resources			
Differences between expected and			
Differences between expected and actual experience	\$0	\$368	\$368
Changes of assumptions	0	23,281	23,281
Net difference between projected and actual earnings on pension plan investments	5,493	57,703	63,196
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	<u>28,400</u>	<u>838</u>	<u>29,238</u>
Total Deferred Inflows of Resources	<u>\$33,893</u>	<u>\$82,190</u>	<u>\$116,083</u>

\$80,422 reported as deferred outflows of resources related to pension resulting from Academy 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:

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$17,378)	\$61,822	\$44,444
2027	(5,387)	96,581	91,194
2028	(5,372)	17,946	12,574
2029	(1,617)	16,987	15,370
Total	<u>(\$29,754)</u>	<u>\$193,336</u>	<u>\$163,582</u>

Sensitivity of the Academy'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 the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	\$134,352	\$87,819	\$48,642

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	\$1,082,641	\$671,124	\$323,052

Defined Benefit OPEB Plans

Plan descriptions and actuarial information for the Academy's defined benefit post-retirement plans are the same as the School District's (See Note 14).

For fiscal year 2025, the Academy's surcharge obligation was \$1,325. 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 Academy's contractually required contribution to SERS was \$1,325 for fiscal year 2025. Of this amount, \$0 is reported as an intergovernmental payable. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

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 Academy's proportion of the net OPEB liability (asset) was based on the Academy'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:

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.00174950%	0.00348788%	
Prior Measurement Date	0.00205890%	0.00273034%	
Change in Proportionate Share	-0.00030940%	0.00075754%	
Proportionate Share of the:			
Net OPEB Liability	\$17,819	\$0	\$17,819
Net OPEB (Asset)	\$0	(\$66,158)	(\$66,158)
OPEB Expense	\$4,991	(\$14,982)	(\$9,991)

At June 30, 2025, the Academy 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	\$2,876	\$2,876
Changes of assumptions	7,648	8,143	15,791
Net difference between projected and actual earnings on OPEB plan investments	87	0	87
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	31,043	603	31,646
Academy contributions subsequent to the measurement date	1,325	0	1,325
Total Deferred Outflows of Resources	<u>\$40,103</u>	<u>\$11,622</u>	<u>\$51,725</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$19,213	\$7,130	\$26,343
Changes of assumptions	8,185	29,837	38,022
Net difference between projected and actual earnings on OPEB plan investments	0	2,841	2,841
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	18,360	5,669	24,029
Total Deferred Inflows of Resources	<u>\$45,758</u>	<u>\$45,477</u>	<u>\$91,235</u>

\$1,325 reported as deferred outflows of resources related to OPEB resulting from Academy 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 fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

New Philadelphia City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$2,146	(\$10,679)	(\$8,533)
2027	1,180	(5,023)	(3,843)
2028	(343)	(6,573)	(6,916)
2029	147	(6,169)	(6,022)
2030	174	(5,158)	(4,984)
Thereafter	(10,284)	(253)	(10,537)
Total	(\$6,980)	(\$33,855)	(\$40,835)

Sensitivity of the Academy'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 for SERS, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88 percent) and higher (5.88 percent) than the current discount rate (4.88 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
Academy's proportionate share of the net OPEB liability	\$23,760	\$17,819	\$13,097

	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%)
Academy's proportionate share of the net OPEB liability	\$12,045	\$17,819	\$25,408

Sensitivity of the Academy'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%)
Academy's proportionate share of the net OPEB (asset)	(\$53,791)	(\$66,158)	(\$76,921)

New Philadelphia City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB (asset)	(\$77,648)	(\$66,158)	(\$52,341)

Long-Term Obligations

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

The changes in the Academy's long-term obligations during fiscal year 2025 were as follows:

	Amount Outstanding 7/1/2024	Additions	Reductions	Amount Outstanding 6/30/2025	Amount Due in One Year
Lease Payable	\$11,584	\$0	(\$11,584)	\$0	\$0
Subscription Payable	3,013	0	(3,013)	0	0
Compensated Absences	55,520	604	0	56,124	18,516
Net Pension Liability:					
SERS	116,456	0	(28,637)	87,819	0
STRS	587,977	83,147	0	671,124	0
Total Net Pension Liability	704,433	83,147	(28,637)	758,943	0
Net OPEB Liability - SERS	33,919	0	(16,100)	17,819	0
<i>Total Long-Term Liabilities</i>	<u>\$808,469</u>	<u>\$83,751</u>	<u>(\$59,334)</u>	<u>\$832,886</u>	<u>\$18,516</u>

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

The Academy had an agreement with their Sponsor, New Philadelphia City School District, to lease space in the administrative building. The Academy also had a contract to use a SBITA vendor's IT software. The lease payable and subscription payable were fully repaid in fiscal year 2025.

Relationship with Quaker Digital Academy

The Quaker Digital Academy and the Quaker Preparatory Academy Board of Directors are composed of the same individuals and share the same Sponsor, New Philadelphia City School District. Quaker Preparatory Academy utilizes office space in a building in which rent and related utilities are paid exclusively by Quaker Digital Academy. Additionally, employees paid exclusively by Quaker Digital Academy are also utilized by Quaker Preparatory Academy. The amount of the purchased services, excluding building rent, paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately \$18,887 for fiscal year 2025; this amount has been recorded on the financial statements as contributions and donations non-operating revenue and purchased services operating expense. Rent and salaries paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately \$13,682 and \$55,480, respectively, for fiscal year 2025.

Subsequent Event

On July 1, 2025, Quaker Preparatory Academy merged with Quaker Digital Academy. All assets and liabilities belong to Quaker Digital Academy as of that date.

New Philadelphia City School District
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	0.10660370%	0.11538160%	0.11534200%	0.11095280%
School District's Proportionate Share of the Net Pension Liability	\$5,453,415	\$6,375,428	\$6,238,592	\$4,093,837
School District's Covered Payroll	\$4,441,329	\$4,577,343	\$4,198,693	\$4,054,143
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	122.79%	139.28%	148.58%	100.98%
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
0.11768340%	0.11648830%	0.12011700%	0.11034270%	0.11057230%	0.10761540%
\$7,783,828	\$6,969,699	\$6,879,323	\$6,592,733	\$8,092,872	\$6,140,639
\$3,998,286	\$4,115,630	\$3,970,489	\$3,637,186	\$3,439,007	\$3,353,579
194.68%	169.35%	173.26%	181.26%	235.33%	183.11%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

New Philadelphia City School District
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	0.10834480%	0.11858380%	0.11752820%	0.11473740%
School District's Proportionate Share of the Net OPEB Liability	\$1,103,487	\$1,953,603	\$1,650,108	\$2,171,499
School District's Covered Payroll	\$4,441,329	\$4,577,343	\$4,198,693	\$4,054,143
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.85%	42.68%	39.30%	53.56%
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 fiscal year 2017 is not available. An additional column will be added each 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
0.12186620%	0.11969640%	0.12169030%	0.11174770%	0.11166320%
\$2,648,551	\$3,010,113	\$3,376,018	\$2,999,015	\$3,182,814
\$3,998,286	\$4,115,630	\$3,970,489	\$3,637,186	\$3,439,007
66.24%	73.14%	85.03%	82.45%	92.55%
18.17%	15.57%	13.57%	12.46%	11.49%

New Philadelphia City School District
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	0.12476420%	0.12562416%	0.12746494%	0.13212074%
School District's Proportionate Share of the Net Pension Liability	\$24,006,648	\$27,053,085	\$28,335,617	\$16,892,824
School District's Covered Payroll	\$17,344,371	\$17,011,486	\$16,631,579	\$16,351,671
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.41%	159.03%	170.37%	103.31%
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
0.13088701%	0.12978737%	0.13004458%	0.12633603%	0.12679097%	0.12198757%
\$31,669,999	\$28,701,697	\$28,593,883	\$30,011,395	\$42,440,760	\$33,713,796
\$15,912,071	\$15,287,257	\$14,878,821	\$13,966,664	\$13,455,886	\$13,338,414
199.03%	187.75%	192.18%	214.88%	315.41%	252.76%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

New Philadelphia City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability
State Teachers Retirement System of Ohio
*Last Nine Fiscal Years (1) **

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Asset/Liability	0.12476420%	0.12562416%	0.12746494%	0.13212074%
School District's Proportionate Share of the:				
Net OPEB Asset	\$2,366,540	\$2,443,217	\$3,300,492	\$2,785,657
Net OPEB Liability	0	0	0	0
School District's Covered Payroll	\$17,344,371	\$17,011,486	\$16,631,579	\$16,351,671
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	(13.64%)	(14.36%)	(19.84%)	(17.04%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each 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
0.13088701%	0.12978737%	0.13004458%	0.12633603%	0.12679097%
\$2,300,337 0	\$2,149,590 0	\$2,089,684 0	\$0 4,929,166	\$0 6,780,814
\$15,912,071	\$15,287,257	\$14,878,821	\$13,966,664	\$13,455,886
(14.46%)	(14.06%)	(14.04%)	35.29%	50.39%
182.10%	174.70%	176.00%	47.10%	37.30%

New Philadelphia City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$642,687	\$621,786	\$640,828	\$587,817
Contributions in Relation to the Contractually Required Contribution	(642,687)	(621,786)	(640,828)	(587,817)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$4,590,621	\$4,441,329	\$4,577,343	\$4,198,693
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$78,876	\$76,256	\$85,909	\$74,655
Contributions in Relation to the Contractually Required Contribution	(78,876)	(76,256)	(85,909)	(74,655)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.72%</u>	<u>1.72%</u>	<u>1.88%</u>	<u>1.78%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.72%</u>	<u>15.72%</u>	<u>15.88%</u>	<u>15.78%</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$567,580	\$559,760	\$555,610	\$536,016	\$509,206	\$481,461
<u>(567,580)</u>	<u>(559,760)</u>	<u>(555,610)</u>	<u>(536,016)</u>	<u>(509,206)</u>	<u>(481,461)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,054,143	\$3,998,286	\$4,115,630	\$3,970,489	\$3,637,186	\$3,439,007
<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
\$75,234	\$77,090	\$95,131	\$84,846	\$59,866	\$54,830
<u>(75,234)</u>	<u>(77,090)</u>	<u>(95,131)</u>	<u>(84,846)</u>	<u>(59,866)</u>	<u>(54,830)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.86%</u>	<u>1.93%</u>	<u>2.31%</u>	<u>2.14%</u>	<u>1.65%</u>	<u>1.59%</u>
<u>15.86%</u>	<u>15.93%</u>	<u>15.81%</u>	<u>15.64%</u>	<u>15.65%</u>	<u>15.59%</u>

New Philadelphia City School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Pension Liability				
Contractually Required Contribution	\$2,520,051	\$2,428,212	\$2,381,608	\$2,328,421
Contributions in Relation to the Contractually Required Contribution	<u>(2,520,051)</u>	<u>(2,428,212)</u>	<u>(2,381,608)</u>	<u>(2,328,421)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$18,000,364	\$17,344,371	\$17,011,486	\$16,631,579
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Asset/Liability (1)				

(1) 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. STRS did not allocate any employer contributions to postemployment health care; therefore, 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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$2,289,234	\$2,227,690	\$2,140,216	\$2,083,035	\$1,955,333	\$1,883,824
<u>(2,289,234)</u>	<u>(2,227,690)</u>	<u>(2,140,216)</u>	<u>(2,083,035)</u>	<u>(1,955,333)</u>	<u>(1,883,824)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$16,351,671	\$15,912,071	\$15,287,257	\$14,878,821	\$13,966,664	\$13,455,886
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

New Philadelphia City School District
Notes to the 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 beginning 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 as follows:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Year 2016 and Prior</u>
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 Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. 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 set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

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

New Philadelphia City School District
Notes to the 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 Disabled 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 valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for 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 Terms – STRS

Beginning fiscal year 2023, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

New Philadelphia City School District
Notes to the 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 (Asset)

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 as follows:

	<u>2022</u>	<u>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 in the following table:

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

New Philadelphia City School District
Notes to the 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 were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

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

Changes in Benefit Terms – STRS

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 were scheduled to 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 were scheduled to be discontinued beginning January 1, 2020.

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

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

New Philadelphia City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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

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

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

For fiscal year 2025, 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 years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

FEDERAL GRANTOR	Federal	Pass Through	Provided	
<i>Pass Through Grantor</i>	AL	Entity Identifying	to	Total Federal
Program / Cluster Title	Number	Number	Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
School Breakfast Program	10.553	N/A	-	11,281
National School Lunch Program	10.555	N/A	-	67,884
Non-Cash Assistance Subtotal			-	79,165
Cash Assistance:				
School Breakfast Program	10.553	N/A		215,721
National School Lunch Program	10.555	N/A		858,962
Cash Assistance Subtotal			-	1,074,683
Total Child Nutrition Cluster			-	1,153,848
Total U.S. Department of Agriculture			-	1,153,848
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Title I Grants to Local Educational Agencies	84.010	S010A230035	-	139,756
		S010A240035	15,410	655,076
Total Title I Grants to Local Educational Agencies			15,410	794,832
Special Education Cluster (IDEA):				
Special Education - Grants to State (IDEA, Part B)	84.027	H027A230111	-	66,237
Special Education - Grants to State (IDEA, Part B)	84.027	H027A240111	-	596,063
Total Special Education - Grants to State (IDEA, Part B)			-	662,300
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A230119	-	3,991
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A240119	-	24,542
Total Special Education - Preschool Grants (IDEA Preschool)			-	28,533
Total Special Education Cluster (IDEA)			-	690,833
English Language Acquisition State Grants	84.365	S365A230035	-	30,797
		S365A240035		59,318
			-	90,115
Supporting Effective Instruction State Grant	84.367	S367A230034	-	21,023
	84.367	S367A240034	-	116,691
			-	137,714
Student Support and Academic Enrichment Program	84.424	S424A230036	-	9,453
		S424A240036		37,454
			-	46,907
Education Stabilization Fund				
COVID-19 American Rescue Plan Elementary and Secondary School				
Emergency Relief - Homeless Children and Youth	84.425W	S425W210036	-	12,771
Total Education Stabilization Fund			-	12,771
Total U.S. Department of Education			15,410	1,773,172
Total Expenditures of Federal Awards			15,410	2,927,020

The accompanying notes are an integral part of this schedule.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The School District has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The School District passes certain federal awards received from the Ohio Department of Education and Workforce (DEW) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - 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 F – 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 G - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE H - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2025 to 2026 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 21,445
Special Education - Grants to States (IDEA, Part B)	84.027	\$ 414,964
Special Education - Grants (IDEA, Preschool)	84.173	\$ 10,648
English Language Acquisition State Grants	84.365	\$ 24,631
Supporting Effective Instruction	84.367	\$ 54,373
Student Support and Academic Enrichment Program	84.424	\$ 22,552

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

New Philadelphia City School District
Tuscarawas County
248 Front Avenue SW
New Philadelphia, Ohio 44663

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the New Philadelphia City School District, Tuscarawas 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 April 16, 2026, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

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

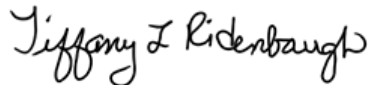
Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

April 16, 2026

OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

New Philadelphia City School District
Tuscarawas County
248 Front Avenue SW
New Philadelphia, Ohio 44663

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on the Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, New Philadelphia City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Special Education Cluster for the year ended June 30, 2025.

Unmodified Opinion on the Other Major Federal Program

In our opinion, New Philadelphia City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions 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.

Matter Giving Rise to Qualified Opinion on Special Education Cluster (IDEA)

As described in Finding 2025-001 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding Procurement and Suspension and Debarment applicable to its AL #84.027 and #84.173 Special Education Cluster (IDEA) major federal program.

Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to that program.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The School District's basic financial statements include the operations of Quaker Digital Academy and Quaker Preparatory Academy, which expended \$735,711 and \$170,877, respectively, in federal awards which is not included in the School District's Schedule of Expenditures of Federal Awards during the year ended June 30, 2025. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of Quaker Digital Academy and Quaker Preparatory Academy because the component units are legally separate from the primary government which this report addresses.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the noncompliance finding identified in our compliance audit described in the accompanying Corrective Action Plan. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2025-001 to be a material weakness.

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.

New Philadelphia City School District
Tuscarawas County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance
Page 4

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the internal control over compliance finding identified in our audit described in the accompanying Corrective Action Plan. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

KEITH FABER
Ohio Auditor of State



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

April 16, 2026

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion - Title I Grants to Local Educational Agencies, AL #84.010 – Unmodified - Special Education Cluster (IDEA), AL #84.027, #84.173 – Qualified	
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): - Title I Grants to Local Educational Agencies, AL #84.010 - Special Education Cluster (IDEA), AL #84.027, #84.173	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

3. FINDINGS FOR FEDERAL AWARDS

1. Procurement and Suspension and Debarment

Finding Number:	2025-001
Assistance Listing Number and Title:	AL # 84.027, 84.173 Special Education Cluster (IDEA)
Federal Award Identification Number / Year:	H027A230111, H027A240111, H173A230119, H173A240119
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Procurement and Suspension and Debarment
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for 2 C.F.R. § 200. 2 C.F.R. § 200.318(a) requires that the recipient or subrecipient must maintain and use documented procedures for procurement transactions under the Federal award or subaward, including for acquisition of property or services. These documented procurement procedures must be consistent with State, local, and tribal laws and regulations and the standards identified in §§ 200.317 through 200.327. 2 C.F.R. § 200.318(i) requires that the recipient or subrecipient must maintain records sufficient to detail the history of each procurement transaction. These records must include the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price.

2 C.F.R § 200.320 provides three types of procurement methods: informal procurement methods (for micro-purchases and simplified acquisitions); formal procurement methods (through sealed bids or proposals); and noncompetitive procurement methods. For any of these methods, the recipient or subrecipient must maintain and use documented procurement procedures.

2 C.F.R. § 200.320(a)(2) provides the requirements for simplified acquisitions. The aggregate dollar amount of the procurement transaction is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If simplified acquisition procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

New Philadelphia City School District Federal Purchasing Procedures documents small purchases are those from \$10,001 to \$25,000. The policy stipulates that quotes for small purchases must be obtained from at least two vendors. Quotes may be obtained in writing, verbally, or from a website. Documentation of all quotes must be maintained. While price must be a consideration, other criteria such as quality, availability, service and expertise must also be considered. The rational for the recommended vendor must be documented on the Rubric.

**NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2025-001 (Continued)

1. Procurement and Suspension and Debarment (Continued)

The School District did not have the proper internal controls in place to maintain supporting documentation for the procurement history for one of the three selected vendors. During fiscal year 2025 the School District made one procurement falling within the simplified acquisition dollar threshold (formerly referred to as a small purchase) which was for the renewal of a contract for individualized education instruction (IEP) software. However, documentation was not available to support the procurement process for this fiscal year 2025 purchase. Failing to have appropriate controls in place may result in the School District not entering procurement transactions with the most appropriate vendor.

The School District should review their policies and procedures and take steps necessary to ensure that procurement procedures are properly followed. The School District should also ensure they comply with the applicable Uniform Guidance requirements, ensuring open competition through procurement.

Officials' Response: See Corrective Action Plan.

This page intentionally left blank.



New Philadelphia City Schools

248 Front Avenue SW | New Philadelphia, OH 44663-2150
P 330.364.0600 | F 330.364.9310

SUPERINTENDENT
Amy Wentworth

ASSISTANT SUPERINTENDENT
Jeffery Williams

TREASURER
Julie A. Erwin, CPA

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2026

Finding Number:	2025-001
Planned Corrective Action:	Procurement Procedures
Anticipated Completion Date:	04/10/2026
Responsible Contact Person:	Julie Erwin, Treasurer

The District is in the process of updating the Federal Procurement Procedures with the new thresholds that were issued in September. The District will get quotes for all items purchased with Federal funding in the future to avoid future findings. New Philadelphia City School District makes every effort to procure items based on the policies and procedures in place. We also follow the Uniform Guidance to the best of our ability.

OHIO AUDITOR OF STATE KEITH FABER



NEW PHILADELPHIA CITY SCHOOL DISTRICT

TUSCARAWAS 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 5/7/2026

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