

NEWCOMERSTOWN EXEMPTED
VILLAGE SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025





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Board of Education
Newcomerstown Exempted Village School District
702 S. River Street
Newcomerstown, OH 43832

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

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

KEITH FABER
Ohio Auditor of State

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

March 11, 2026

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Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
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Tuscarawas County, Ohio

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To the Board of Education
Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
702 S. River Street
Newcomerstown, OH 43832

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinions

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

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 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, required budgetary comparison schedule, and pension and other post-employment benefit schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The *Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is

not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the *Schedule of Expenditures of Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 22, 2025

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Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

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

Financial Highlights

Key financial highlights for 2025 are as follows:

- Net position increased \$1,872,275 from 2024.
- Capital assets decreased \$39,521 during fiscal year 2025.
- During the fiscal year, outstanding debt decreased primarily from principal payments on maturing debt.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Newcomerstown Exempted Village School District as a whole 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 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 Newcomerstown Exempted Village School District, the general fund is the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain 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 and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and operation of non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. 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 funds. The School District's major governmental fund is the general fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general 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 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 uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

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Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

The School District as a Whole

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

Table 1
Net Position

	Governmental Activities		
	2025	2024	Change
Assets			
Current & Other Assets	\$ 13,733,096	\$ 13,499,662	\$ 233,434
Net OPEB Asset	803,214	817,596	(14,382)
Capital Assets, net	8,422,854	8,462,375	(39,521)
<i>Total Assets</i>	<u>22,959,164</u>	<u>22,779,633</u>	<u>179,531</u>
 Deferred Outflows of Resources			
Pension & OPEB	<u>2,677,191</u>	<u>2,857,592</u>	<u>(180,401)</u>
 Liabilities			
Current & Other Liabilities	1,593,153	1,916,148	(322,995)
Long-Term Liabilities:			
Due Within One Year	158,727	372,141	(213,414)
Due In More Than One Year:			
Pension & OPEB	11,329,010	12,806,105	(1,477,095)
Other Amounts	760,296	959,804	(199,508)
<i>Total Liabilities</i>	<u>13,841,186</u>	<u>16,054,198</u>	<u>(2,213,012)</u>
 Deferred Inflows of Resources			
Property Taxes	4,233,544	4,070,333	163,211
Pension & OPEB	<u>2,574,512</u>	<u>2,397,856</u>	<u>176,656</u>
<i>Total Deferred Inflows of Resources</i>	<u>6,808,056</u>	<u>6,468,189</u>	<u>339,867</u>
 Net Position			
Net Investment in Capital Assets	8,344,521	8,139,295	205,226
Restricted	2,235,832	2,633,668	(397,836)
Unrestricted	<u>(5,593,240)</u>	<u>(7,658,125)</u>	<u>2,064,885</u>
<i>Total Net Position</i>	<u>\$ 4,987,113</u>	<u>\$ 3,114,838</u>	<u>\$ 1,872,275</u>

Newcomerstown Exempted Village School District
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For the Fiscal Year Ended June 30, 2025
(Unaudited)

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

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 reported by the retirement boards. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB asset/liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Capital assets include land, buildings and improvements, furniture and equipment and vehicles. These capital assets are used to provide services to students and are not available for future spending. Although the School District's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance.

Current and other liabilities saw a decrease for claims payable and accrued wages and benefits.

There was a significant change in net pension/OPEB liability/asset and related accruals for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Table 2 shows the changes in net position for fiscal years 2025 and 2024.

Table 2
Changes in Net Position

	Governmental Activities		
	2025	2024	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 480,637	\$ 578,162	\$ (97,525)
Operating Grants	3,037,064	3,948,393	(911,329)
Capital Grants	122,730	434,460	(311,730)
<i>Total Program Revenues</i>	<u>3,640,431</u>	<u>4,961,015</u>	<u>(1,320,584)</u>
General Revenues			
Property Taxes	5,405,399	4,397,578	1,007,821
Grants & Entitlements	8,550,658	7,796,829	753,829
Miscellaneous	244,650	261,079	(16,429)
<i>Total General Revenues</i>	<u>14,200,707</u>	<u>12,455,486</u>	<u>1,745,221</u>
<i>Total Revenues</i>	<u>17,841,138</u>	<u>17,416,501</u>	<u>424,637</u>
Program Expenses			
Instruction:			
Regular	5,809,911	6,274,639	(464,728)
Special	2,506,372	2,452,601	53,771
Vocational	5,000	3,278	1,722
Student Intervention Services	2,625	-	2,625
Other	171,492	189,749	(18,257)
Support Services:			
Pupils	620,919	791,138	(170,219)
Instructional Staff	311,490	445,478	(133,988)
Board of Education	195,849	26,313	169,536
Administration	1,390,384	1,697,304	(306,920)
Fiscal	310,525	395,000	(84,475)
Operation and Maintenance of Plant	2,320,637	2,157,874	162,763
Pupil Transportation	672,954	651,933	21,021
Central	347,958	344,712	3,246
Operation of Non-Instructional Services:			
Food Service Operations	688,709	725,720	(37,011)
Community Services	-	8,557	(8,557)
Extracurricular Activities	601,766	570,944	30,822
Interest Expense	12,272	18,580	(6,308)
<i>Total Expenses</i>	<u>15,968,863</u>	<u>16,753,820</u>	<u>(784,957)</u>
<i>Change in Net Position</i>	<u>1,872,275</u>	<u>662,681</u>	<u>1,209,594</u>
<i>Net Position Beginning of Year</i>	<u>3,114,838</u>	<u>2,452,157</u>	<u>662,681</u>
<i>Net Position End of Year</i>	<u>\$ 4,987,113</u>	<u>\$ 3,114,838</u>	<u>\$ 1,872,275</u>

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Operating grants decreased due to a decrease in grants receivable, primarily for the ESSER as the program has come to an end. Capital grants saw a decrease in revenues related to the stadium trust and athletic facility.

Property taxes increased due the School District's tax valuation, which increased estimated property taxes receivable as well as property tax collections. Grants and entitlements increased due to an increase in support for disadvantaged students and the continued implementation of the Ohio Fair Funding School Plan.

The changes in program expenses are primarily associated with changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes. Administration support expense also decreased for payments made to the Auditor of State for ESC services.

Governmental Funds

The School District's major fund is accounted for using the modified accrual basis of accounting.

The general fund saw an increase in fund balance for the current fiscal year. This was primarily caused by an increase in property taxes and the continued implementation of the Ohio Fair School Funding Plan, as previously discussed.

General Fund Budgeting Highlights

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

During the course of fiscal year 2025, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget During the year, the School District amended its original budgeted revenues and other financing sources to more accurately reflect property tax receipts and intergovernmental receipts for foundation received during the year. A review of original budgeted appropriations and other financing sources compared to final budgeted appropriations and other financing sources shows a significant increase in budgeted transfers out to support the nonmajor and internal service funds.

Final Budget Compared to Actual Results A review of actual revenues and other financing sources compared to the resources in the final budget yields no significant variances. Actual expenditures were lower than the final budgeted appropriations and financing uses. This was primarily due to estimates for transfers out being significantly higher than the support that was needed.

Capital Assets and Debt Administration

Capital Assets

The School District completed the high school boiler project during the fiscal year, decreasing construction in progress. See Note 8 for more information about the capital assets of the School District.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
(Unaudited)

Debt

There were no significant changes to the School District's debt during the fiscal year other than debt retirement. See Note 9 for additional details.

Current Issues

The School District has committed itself to educational and financial excellence. With leadership from the Board of Education and prudent fiscal planning, resources are allocated to meet the educational goals and challenges of our students. The School District has been very frugal and has carefully managed its general fund budget in order to get the maximum value for the tax dollars available for educating the students of the School District.

The School District has not been on the ballot for new funding since February 2006 when an 8 mill, five-year emergency levy was passed. The Levy was renewed at the March 2024 election and generates \$750,000 annually.

The School District also renewed a current 9.2 mill operating levy in May 2021. This operating levy generates approximately \$826,000 annually.

The School District recently settled a three-year contract with both the certified and classified associations. The contract expires on June 30, 2028 and includes a re-opener for years 2 and 3 for wages and benefits.

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 any questions about this report or need additional financial information, contact Christie Green, Treasurer, Newcomerstown Exempted Village School District, 702 S. River Street, Newcomerstown, Ohio 43832.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 7,163,204
Cash with Fiscal Agents	1,338,539
Intergovernmental Receivable	118,698
Property Taxes Receivable	5,112,655
Net OPEB Asset	803,214
Non-Depreciable Capital Assets	144,092
Depreciable Capital Assets, net	8,278,762
Total Assets	22,959,164
Deferred Outflows of Resources	
Pension	2,270,227
OPEB	406,964
Total Deferred Outflows of Resources	2,677,191
Liabilities	
Accounts Payable	42,122
Accrued Wages and Benefits	1,123,053
Intergovernmental Payable	233,745
Claims Payable	194,233
Long-Term Liabilities:	
Due Within One Year	158,727
Due In More Than One Year:	
Net Pension Liability	10,790,778
Net OPEB Liability	538,232
Other Amounts Due in More Than One Year	760,296
Total Liabilities	13,841,186
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	4,233,544
Pension	1,197,527
OPEB	1,376,985
Total Deferred Inflows of Resources	6,808,056
Net Position	
Net Investment in Capital Assets	8,344,521
Restricted for:	
Debt Service	55,371
Classroom Facilities Maintenance	49,077
Athletic Facilities Capital Projects	1,123,638
State Funded Programs	13,951
Federally Funded Programs	9,776
Student Activities	105,484
Food Service Operations	44,441
OPEB Asset	803,214
Other Purposes	30,880
Unrestricted	(5,593,240)
Total Net Position	\$ 4,987,113

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	
	Expenses				Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 5,809,911	\$ 35,948	\$ 100,575	\$ -	\$ (5,673,388)
Special	2,506,372	160,349	2,128,170	-	(217,853)
Vocational	5,000	-	-	-	(5,000)
Student Intervention Services	2,625	-	-	-	(2,625)
Other	171,492	-	-	-	(171,492)
Support Services:					
Pupils	620,919	-	607	-	(620,312)
Instructional Staff	311,490	-	16,213	-	(295,277)
Board of Education	195,849	-	-	-	(195,849)
Administration	1,390,384	-	-	-	(1,390,384)
Fiscal	310,525	-	-	-	(310,525)
Operation and Maintenance of Plant	2,320,637	-	223,524	-	(2,097,113)
Pupil Transportation	672,954	-	-	-	(672,954)
Central	347,958	-	-	-	(347,958)
Operation of Non-Instructional Services:					
Food Service Operations	688,709	46,360	567,975	-	(74,374)
Extracurricular Activities	601,766	237,980	-	122,730	(241,056)
Interest Expense	12,272	-	-	-	(12,272)
Total	\$ 15,968,863	\$ 480,637	\$ 3,037,064	\$ 122,730	(12,328,432)

General Revenues

Property Taxes Levied for:

General Purposes	5,405,399
Grants and Entitlements not Restricted to Specific Programs	8,550,658
Investment Earnings	230,618
Miscellaneous	14,032

Total General Revenues	14,200,707
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Change in Net Position	1,872,275
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Net Position Beginning of Year	3,114,838
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Net Position End of Year	\$ 4,987,113
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See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Balance Sheet
Governmental Funds
June 30, 2025

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,926,768	\$ 1,212,845	\$ 7,139,613
Cash and Cash Equivalents with Fiscal Agents	-	1,065,049	1,065,049
Interfund Receivable	30,171	-	30,171
Intergovernmental Receivable	-	118,698	118,698
Property Taxes Receivable	5,112,655	-	5,112,655
Total Assets	\$ 11,069,594	\$ 2,396,592	\$ 13,466,186
Liabilities			
Accounts Payable	\$ 40,650	\$ 1,472	\$ 42,122
Accrued Wages and Benefits	1,008,169	114,884	1,123,053
Intergovernmental Payable	212,823	20,922	233,745
Interfund Payable	-	30,171	30,171
Total Liabilities	1,261,642	167,449	1,429,091
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	4,233,544	-	4,233,544
Unavailable Revenue	154,603	39,436	194,039
Total Deferred Inflows of Resources	4,388,147	39,436	4,427,583
Fund Balances			
Restricted	-	1,420,354	1,420,354
Assigned	121,370	796,525	917,895
Unassigned	5,298,435	(27,172)	5,271,263
Total Fund Balance	5,419,805	2,189,707	7,609,512
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,069,594	\$ 2,396,592	\$ 13,466,186

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balances		\$ 7,609,512
<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.		8,422,854
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 154,603	
Intergovernmental	<u>39,436</u>	194,039
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		102,848
The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	803,214	
Deferred Outflows - Pension	2,270,227	
Deferred Outflows - OPEB	406,964	
Net Pension Liability	(10,790,778)	
Net OPEB Liability	(538,232)	
Deferred Inflows - Pension	(1,197,527)	
Deferred Inflows - OPEB	<u>(1,376,985)</u>	(10,423,117)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(248,566)	
Lease Payable	(78,333)	
Compensated Absences	<u>(592,124)</u>	(919,023)
Net Position of Governmental Activities		<u><u>\$ 4,987,113</u></u>

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ 5,297,577	\$ -	\$ 5,297,577
Intergovernmental	9,874,164	1,799,782	11,673,946
Investment Income	229,933	122,730	352,663
Tuition and Fees	196,172	-	196,172
Extracurricular Activities	36,486	201,494	237,980
Charges for Services	-	46,360	46,360
Rent	125	-	125
Contributions and Donations	44,576	-	44,576
Miscellaneous	14,032	-	14,032
Total Revenues	15,693,065	2,170,366	17,863,431
Expenditures			
Current:			
Instruction:			
Regular	5,912,826	97,080	6,009,906
Special	1,696,233	917,146	2,613,379
Vocational	5,000	-	5,000
Student Intervention Services	2,625	-	2,625
Other	171,492	-	171,492
Support Services:			
Pupils	638,909	617	639,526
Instructional Staff	318,886	16,151	335,037
Board of Education	195,849	-	195,849
Administration	1,621,990	-	1,621,990
Fiscal	354,454	-	354,454
Operation and Maintenance of Plant	2,062,431	469,992	2,532,423
Pupil Transportation	594,281	-	594,281
Central	379,518	-	379,518
Operation of Non-Instructional Services:			
Food Service Operations	-	707,488	707,488
Extracurricular Activities	361,803	209,313	571,116
Debt Service:			
Principal Retirement	111,971	210,339	322,310
Interest and Fiscal Charges	13,153	2,967	16,120
Total Expenditures	14,441,421	2,631,093	17,072,514
Excess of Revenues Over (Under) Expenditures	1,251,644	(460,727)	790,917
Other Financing Sources (Uses)			
Transfers In	-	25,398	25,398
Transfers Out	(877,361)	-	(877,361)
Total Other Financing Sources (Uses)	(877,361)	25,398	(851,963)
Net Change in Fund Balances	374,283	(435,329)	(61,046)
Fund Balances Beginning of Year	5,045,522	2,625,036	7,670,558
Fund Balances End of Year	\$ 5,419,805	\$ 2,189,707	\$ 7,609,512

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
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	\$	(61,046)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 533,657	
Current Year Depreciation	<u>(573,178)</u>	(39,521)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(14,346)	
Intergovernmental	<u>(8,632)</u>	(22,978)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	77,563	
Lease Payable	34,408	
Notes Payable	<u>210,339</u>	322,310
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable		3,848
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,239,130	
OPEB	<u>39,398</u>	1,278,528
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(415,188)	
OPEB	<u>242,316</u>	(172,872)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		473,394
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>90,612</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>1,872,275</u>

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues and Other Financing Sources	\$ 14,690,639	\$ 15,323,447	\$ 15,448,256	\$ 124,809
Expenditures and Other Financing Uses	15,032,875	16,938,724	15,442,091	1,496,633
Net Change in Fund Balance	(342,236)	(1,615,277)	6,165	1,621,442
<i>Fund Balance Beginning of Year</i>	5,712,760	5,712,760	5,712,760	-
Prior Year Encumbrances Appropriated	82,118	82,118	82,118	-
<i>Fund Balance End of Year</i>	<u>\$ 5,452,642</u>	<u>\$ 4,179,601</u>	<u>\$ 5,801,043</u>	<u>\$ 1,621,442</u>

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2025

	Governmental Activities
	Internal Service Fund
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 23,591
Cash with Fiscal Agents	273,490
<i>Total Current Assets</i>	297,081
 <i>Current Liabilities:</i>	
Claims Payable	194,233
 Net Position	
Unrestricted	102,848
<i>Total Net Position</i>	\$ 102,848

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for Services	\$ 2,958,545
Other	170,613
<i>Total Operating Revenues</i>	<u>3,129,158</u>
Operating Expenses	
Purchased Services	916,860
Claims	2,591,552
<i>Total Operating Expenses</i>	<u>3,508,412</u>
<i>Operating Income (Loss)</i>	<u>(379,254)</u>
Non-Operating Revenues (Expenses)	
Interest	<u>685</u>
<i>Income (Loss) Before Transfers</i>	(378,569)
Transfers In	<u>851,963</u>
<i>Change in Net Position</i>	473,394
<i>Net Position Beginning of Year</i>	<u>(370,546)</u>
<i>Net Position End of Year</i>	<u><u>\$ 102,848</u></u>

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 2,958,545
Cash Received from Other Operating Receipts	170,613
Cash Payments for Contractual Services	(935,406)
Cash Payments for Claims	(2,749,319)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(555,567)</u>
Cash Flows from Noncapital Financing Activities	
Transfers In	<u>851,963</u>
Cash Flows from Investing Activities	
Interest	<u>685</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	297,081
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>-</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 297,081</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ (379,254)
Adjustments:	
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(18,546)
Claims Payable	<u>(157,767)</u>
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ (555,567)</u>

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

	Custodial
Assets	
<i>Total Assets</i>	\$ -
Liabilities	
<i>Total Liabilities</i>	-
Net Position	
<i>Total Net Position</i>	\$ -

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

	<u>Custodial</u>
Additions	
Extracurricular Amounts Collected for Other Governments	<u>\$ 11,042</u>
Deductions	
Extracurricular Distributions to Other Governments	<u>11,042</u>
<i>Change in Net Position</i>	-
<i>Net Position Beginning of Year</i>	<u>-</u>
<i>Net Position End of Year</i>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Newcomerstown Exempted Village School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District was established in 1856 through the consolidation of existing land areas and school districts. The School District currently operates 4 instructional buildings, 1 administrative building and 1 garage.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “*The Financial Reporting Entity*” as amended by GASB Statement No. 39, “*Determining Whether Certain Organizations Are Component Units*” and GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from The School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which The School District is financially accountable. The School District is financially accountable for an organization if the School 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; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

The following organizations are described due to their relationship to the School District:

Jointly Governed Organizations

Buckeye Career Center

The Buckeye Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Career Center’s Board of Education is comprised of representatives from the Board of Education of each participating school district. The Career Center’s Board of Education is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. The School District’s students may attend the Career Center. Each participating district’s control is limited to its representation on the Career Center’s Board of Education.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

The School District participates in the Ohio Mid-Eastern Regional Education Service Agency Information Technology Center Regional Council of Governments (OME-RESA). OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records and test scoring.

OME-RESA is one of 18 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Education Computer Network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member districts. Such sites, in conjunction with the Ohio Department of Education and Workforce (ODEW), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the ODEW.

OME-RESA is owned and operated by 43 member districts in 11 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors. OME-RESA is located at 2230 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA.

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 three members appointed by the County Commissioners, 22 members appointed by municipal corporations, 18 members appointed by township trustees, one 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 TCTIRC can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of the TCTIRC. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (Coalition) 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 an active school superintendent from a member school district. The Coalition provides various in-service for school district administrative personnel; gathers data regarding 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.

Public Entity Risk Pools

Workers' Compensation Group Rating Program

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The Plan'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 Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

The Jefferson Health Plan

The School District participates in The Jefferson Health Plan (the "Plan"), a council of governments of school districts and other political subdivisions organized and existing as a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code to provide healthcare and related insurance benefits to over ninety member organizations. The Plan's business affairs are conducted by a Board of Directors elected from member organizations and composed of one representative from each county served and a career center representative. Each member organization pays a monthly premium based on its claims history and a monthly administration fee.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

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

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following is the School District's major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available 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 to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Proprietary funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector. The School District has no enterprise funds. The following is a description of the School District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or 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 of the School District accounts for a self-insurance program which provides medical/surgical, vision and dental benefits to employees.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's fiduciary fund is a custodial fund. The custodial fund is used to report assets held by the School District in a custodial capacity for the Ohio High School Athletic Association (OHSAA).

Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the School District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the School District.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the School District's internal service fund is charges for services. Operating expenses for the internal service fund include claims expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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 are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, 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 6).

Newcomerstown Exempted Village School District
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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, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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. See Notes 12 and 13 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes 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 of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 12 and 13 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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.

Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control has been established by the Board of Education at the fund level of expenditures for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

On July 25, 2002, the Tuscarawas County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. In order to complete other necessary documents, the Budget Commission now requires certain information to be filed by May 1. Information required includes the general fund five-year forecast submitted to the Department of Education, projected revenues and expenditures line items for all levy funds, projected revenues and debt requirements (principal and interest) and amortization schedules for the debt service fund, and balances and total anticipated activity for all other funds.

Estimated Resources

The Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary schedules reflect the amounts in the original and final certificates of estimated resources issued during the fiscal year.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. Prior to the passage of the annual appropriations resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriations resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the appropriations at the legal level of control must be approved by the Board of Education.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted by the Board of Education during the fiscal year.

The budget figures, which appear in the schedules of budgetary comparisons, represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than custodial funds, consistent with statutory provisions.

Newcomerstown Exempted Village School District
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For the Fiscal Year Ended June 30, 2025

Lapsing Of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

Cash and Cash Equivalents

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

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during the fiscal year was \$229,933, which included \$46,035 assigned from other School District funds.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition value. The School District maintains two capitalization thresholds: \$15,000 for land and building improvements and \$5,000 for all other potential assets. 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. The School District does not possess infrastructure.

Newcomerstown Exempted Village School District
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All reported capital assets except land and 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
Land Improvements	20 years
Buildings and Improvements	25 - 40 years
Furniture and Equipment	5 - 20 years
Vehicles	10 years
Intangible Right to Use - Leased Equipment	5 years

The School District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to other governmental funds are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental type activities columns of the statement of net position.

Compensated Absences

For the School District, compensated absences cover leave for which employees may receive cash payments either when used as time off or as a payout for unused leave upon termination of employment. These payments may occur during employment or at termination. Generally, compensated absences do not follow a fixed payment schedule.

Liabilities should be recognized for unused leave if it is attributable to services already rendered, the leave accumulates, and it is more likely than not that it will be used or paid out in cash. For the School District, this includes sick and vacation leave.

Liabilities for compensated absences should be 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.

A key component in determining the estimate of the amount of accumulated compensated absences that will be used as time off is the flows assumption. The flows assumption determines whether leave used by employees will be attributed first to (a) the recognized liability at the date of the financial statements (a first-in, first-out (FIFO) flows assumption) or (b) the leave earned in the next reporting period (a last-in, first-out (LIFO) flows assumption). The School District uses the LIFO flows assumption.

The amount of compensated absences recognized as expenditures in financial statements prepared using the current financial resources measurement focus should be the amount that normally would be liquidated with expendable available financial resources.

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 the internal service fund are reported on the proprietary fund financial statements.

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In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner from current financial resources, are reported as obligations of the funds. However, compensated absences, claims and judgments, net pension liability and net OPEB liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes and lease agreements are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability/asset 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.

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 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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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 (the highest level of decision-making authority). 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 nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Newcomerstown Exempted Village School District
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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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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 assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Estimates

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

Interfund Activity

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Newcomerstown Exempted Village School District
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NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance/net position 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, is presented for the general fund 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 that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment or commitment of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

	General
GAAP Basis	\$ 374,283
Net Adjustment for Revenue Accruals	(177,290)
Net Adjustment for Expenditure Accruals	(117,848)
Funds Budgeted Elsewhere **	16,543
Adjustment for Encumbrances	(89,523)
Budget Basis	<u>\$ 6,165</u>

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the Thomas R. Little memorial foundation, uniform school supplies, public school support and student and staff support funds.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits 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.

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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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances (for a period not to exceed 180 days) and commercial paper notes (for a period not to exceed 270 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.

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. Except as noted above, 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.

Newcomerstown Exempted Village School District
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Cash with Fiscal Agents

The balance of the School District's Education Foundation Fund is invested through the Thomas R. Little Memorial Fund. The Education Foundation was established under Ohio Rev. Code 3315.40, which exempts the investments held from the requirements of Chapter 135 of the Ohio Rev. Code. The carrying amount of the deposits is reported as "Cash with Fiscal Agents".

The School District participates in the Jefferson Health Plan insurance consortium for self-insurance. These monies are held separate from the School District's central bank account and are reflected in the financial statement as "Cash with Fiscal Agents."

Deposits

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

Investments

As of fiscal year-end, the School District had the following investment:

<u>S&P Global Ratings</u>	<u>Investment Type</u>	<u>Measurement Value</u>	<u>Investment Maturities 12 Months or Less</u>	<u>Percent of Total</u>
	Net Asset Value (NAV):			
AAAm	STAR Ohio	<u>\$ 6,715,268</u>	<u>\$ 6,715,268</u>	<u>100.00%</u>

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 Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's investment policy addresses interest rate risk by requiring the consideration of cash flow requirements and market conditions in determining the term of an investment and limiting investment portfolio maturities to five years or less.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy does not specifically address credit risk beyond requiring the School District to only invest in securities authorized by State statute. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2025, is 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 School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Newcomerstown Exempted Village School District
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For the Fiscal Year Ended June 30, 2025

Concentration of Credit Risk The School District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of fair value, or by default. However, the School District's investment policy does not place any limit on the amount that may be invested in any one issuer.

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Transfers

Interfund transfers for the fiscal year consisted of the following, as reported on the fund financial statements:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 877,361	\$ -
Nonmajor Governmental Funds:		
Food Service	-	398
District Managed Activities	-	25,000
Nonmajor Internal Service Fund:		
Self Insurance	-	851,963
Total	<u>\$ 877,361</u>	<u>\$ 877,361</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements. All transfers made during the fiscal year were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund Balances

Interfund balances fiscal year-end consisted of the following:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General</u>
Nonmajor Special Revenue Funds:	
Preschool At Risk	\$ 13,171
Miscellaneous State Grants	17,000
Total	<u>\$ 30,171</u>

The general fund made advances to the nonmajor governmental funds to cover expenditures until expected revenues were received. All interfund loans will be repaid within one year with monies to be received from reimbursable expenditures incurred during the next fiscal year.

Newcomerstown Exempted Village School District
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NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 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.

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

The School District receives property taxes from Tuscarawas, Guernsey and Coshocton Counties. The County Auditors periodically advances to 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 of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

	2024 Second- Half Collections		2025 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 125,511,110	76%	\$ 150,533,690	75%
Public Utility Personal Property	39,192,700	24%	51,269,610	25%
Total Assessed Values	<u>\$ 164,703,810</u>	<u>100%</u>	<u>\$ 201,803,300</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 47.20</u>		<u>\$ 47.10</u>	

NOTE 7 - RECEIVABLES

Receivables at fiscal year-end consisted of property taxes, interfund, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

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NOTE 8 - CAPITAL ASSETS

Capital asset activity for the current fiscal year was as follows:

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 134,788	\$ -	\$ -	\$ 134,788
Construction in Progress	340,734	450,963	(782,393)	9,304
<i>Total Capital Assets Not Being Depreciated</i>	<u>475,522</u>	<u>450,963</u>	<u>(782,393)</u>	<u>144,092</u>
<i>Capital Assets Being Depreciated/Amortized</i>				
Land Improvements	1,890,075	-	-	1,890,075
Buildings and Improvements	15,092,431	782,393	-	15,874,824
Furniture and Equipment	2,261,751	52,720	-	2,314,471
Vehicles	1,301,379	29,974	(76,620)	1,254,733
Intangible Right to Use - Leased Equipment	173,555	-	-	173,555
<i>Total Capital Assets Being Depreciated/Amortized</i>	<u>20,719,191</u>	<u>865,087</u>	<u>(76,620)</u>	<u>21,507,658</u>
<i>Less: Accumulated Depreciation/Amortization</i>				
Land Improvements	(1,700,775)	(20,354)	-	(1,721,129)
Buildings and Improvements	(8,439,737)	(351,590)	-	(8,791,327)
Furniture and Equipment	(1,762,348)	(66,113)	-	(1,828,461)
Vehicles	(765,841)	(100,410)	76,620	(789,631)
Intangible Right to Use - Leased Equipment	(63,637)	(34,711)	-	(98,348)
<i>Total Accumulated Depreciation</i>	<u>(12,732,338)</u>	<u>(573,178)</u>	<u>76,620</u>	<u>(13,228,896)</u>
<i>Total Capital Assets Being Depreciated/Amortized, Net</i>	<u>7,986,853</u>	<u>291,909</u>	<u>-</u>	<u>8,278,762</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 8,462,375</u>	<u>\$ 742,872</u>	<u>\$ (782,393)</u>	<u>\$ 8,422,854</u>

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

Instruction:	
Regular	\$ 53,017
Support Services:	
Instructional Staff	3,767
Administration	813
Operation and Maintenance of Plant	342,845
Pupil Transportation	100,410
Operation of Non-Instructional Services:	
Food Service Operations	7,887
Extracurricular Activities	64,439
<i>Total Depreciation Expense</i>	<u>\$ 573,178</u>

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NOTE 9 - LONG-TERM OBLIGATIONS

During the fiscal year, the following changes occurred in governmental activities' long-term obligations.

Governmental Activities	Balance 6/30/2024	Additions	Deductions	Balance 6/30/2025	Due Within One Year
<i>General Obligations Bonds:</i>					
Energy Conservation Bonds - Series 2017	\$ 326,129	\$ -	\$ (77,563)	\$ 248,566	\$ 80,166
Lease Payable	112,741	-	(34,408)	78,333	35,497
Note Obligation	210,339	-	(210,339)	-	-
<i>Net Pension/OPEB Liability:</i>					
Pension	11,924,429	-	1,133,651	10,790,778	-
OPEB	881,676		343,444	538,232	-
<i>Total Net Pension/OPEB Liability</i>	<u>12,806,105</u>	<u>-</u>	<u>1,477,095</u>	<u>11,329,010</u>	<u>-</u>
<i>Other Long Term Liabilities:</i>					
Compensated Absences *	682,736	-	90,612	592,124	43,064
<i>Total Governmental Activities Long-Term Obligations</i>	<u>\$ 14,138,050</u>	<u>\$ -</u>	<u>\$ 1,245,397</u>	<u>\$ 12,248,033</u>	<u>\$ 158,727</u>

* - The change in compensated absences above is a net change for the year.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

Series 2017 Energy Conservation Improvement Bonds

During fiscal year 2018, the School District issued energy conservation bonds in the amount of \$750,000 to provide for energy improvements to various District buildings. The improvements were not considered to be capital improvements and therefore have not been included in the School District's capital assets. The bonds bear an interest rate of 3.25%. The primary source of repayment of this obligation is through energy savings as a result of the improvements. Payments of principal and interest are due semi-annually on February 12 and August 12, with the final maturity on February 12, 2028 and are recorded as expenditures in the general fund.

Leases Payable

In fiscal year 2023, the School District has entered into a 5 year lease agreement for the right to use copier equipment. The lease payments will be paid monthly from the general fund.

Note Obligation - Lee Stadium Field House Loan Agreement

On March 12, 2019, the School District signed a promissory note with First Federal Community Bank for \$1,000,000. The note proceeds were used for the construction of an athletic fieldhouse. On April 8, 2021, the School District paid off this note and signed a new promissory note with First Federal Community Bank for \$603,250 for the purpose of refinancing the previous note. The note carries an interest rate of 2.99% and annual payments were made paid from the Vernon and Edith Lee Trust fund. This note fully matured in the current fiscal year.

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The following is a summary of the School District's future debt service requirements to maturity for the energy conservation bonds:

Fiscal Year	General Obligation Bonds		Lease Payable		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 80,166	\$ 7,521	\$ 35,497	\$ 1,939	\$ 115,663	\$ 9,460
2027	82,826	4,860	36,621	816	119,447	5,676
2028	85,574	2,112	6,215	24	91,789	2,136
	<u>\$ 248,566</u>	<u>\$ 14,493</u>	<u>\$ 78,333</u>	<u>\$ 2,779</u>	<u>\$ 326,899</u>	<u>\$ 17,272</u>

NOTE 10 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Teachers do not earn vacation time.

Certified, classified, administration and support staff 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 255 days for certified, administration and support staff employees and 240 days for classified employees.

Employees with ten years of service with the School District may, at the time of their retirement from service with the School District, may elect to receive partial payment for their unused accumulated sick leave in the form of a severance payment. Certified, administration and support staff employees can request $\frac{1}{4}$ of their sick leave up to a maximum of 60 days for severance payment. Classified employees can request $\frac{1}{3}$ of their sick leave up to a maximum of 60 days for severance payment.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to employees through Unum Life Insurance Company in the amount of \$30,000.

NOTE 11 - RISK MANAGEMENT

Comprehensive

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District contracted with Ohio School Plan for property insurance, for fleet insurance, liability insurance, and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no reduction in coverage.

Workers' Compensation

The School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 1). The intent of the Plan 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 Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation

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premium to the state based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the Plan.

Employee Medical, Dental, and Vision Insurance

The School District provides employee medical, dental, and vision benefits through a self-insured plan and maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. Major medical expense coverage includes a \$350 individual and \$700 family deductible followed by a 10% employee copayment. The School District is a member organization of The Jefferson Health Plan, a public entity group purchasing trust organized under the Ohio Revised Code Chapter 167 as a Council of Governments. The School District purchases stop loss protection through the Jefferson Health Plan with a \$75,000 specific deductible and a \$215,000 aggregating specific deductible. The specific deductible applies to cumulative medical and drug claim payments made on behalf of plan participants covered under an approved benefit program during the current period July 1 through June 30. Cumulative claim payments, which are found to be in excess of the applicable deductible, made on behalf of a covered plan participant during a policy year are covered through The Jefferson Health Plan's Large Claim Reimbursement Program. Cumulative claim payments made on behalf of a covered plan participant during a policy year, which are found to exceed \$1,500,000, are eligible for reimbursement from The Jefferson Health Plan's excess stop loss insurance policy, currently placed through Sun Life. A third-party administrator, MedBen, reviews all claims, which are then funded by Jefferson Health Plan.

The claims liability of \$194,233 reported in the internal service fund at June 30, 2025, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

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

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2024	\$ 80,841	\$ 3,082,101	\$ 2,810,942	\$ 352,000
2025	\$ 352,000	\$ 2,591,552	\$ 2,749,319	\$ 194,233

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living

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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 long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$324,181 for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$914,949 for fiscal year 2025.

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

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

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0516619%	0.04234554%	
Prior Measurement Date	0.0519664%	0.04203875%	
Change in Proportionate Share	-0.0003045%	0.00030679%	
Proportionate Share of the Net			
Pension Liability	\$ 2,642,812	\$ 8,147,966	\$ 10,790,778
Pension Expense	\$ 187,504	\$ 227,684	\$ 415,188

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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	\$ 100,900	\$ 513,109	\$ 614,009
Changes of Assumptions	23,643	375,503	399,146
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	-	17,942	17,942
School District Contributions Subsequent to the			
Measurement Date	324,181	914,949	1,239,130
Total Deferred Outflows of Resources	\$ 448,724	\$ 1,821,503	\$ 2,270,227
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 4,461	\$ 4,461
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	165,309	700,559	865,868
Changes of Assumptions	-	282,645	282,645
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	19,888	24,665	44,553
Total Deferred Inflows of Resources	\$ 185,197	\$ 1,012,330	\$ 1,197,527

\$1,239,130 reported as deferred outflows of resources related to pension resulting from School 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:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2026	\$ (138,597)	\$ (472,420)	\$ (611,017)
2027	155,075	739,626	894,701
2028	(28,523)	(215,053)	(243,576)
2029	(48,609)	(157,929)	(206,538)
Total	<u>\$ (60,654)</u>	<u>\$ (105,776)</u>	<u>\$ (166,430)</u>

Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
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

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

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

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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>	

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 4,043,140	\$ 2,642,812	\$ 1,463,816

Actuarial Assumptions – STRS

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

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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)	0.00 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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

**Final target weights reflected at October 1, 2022.*

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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.

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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	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 13,144,097	\$ 8,147,966	\$ 3,922,098

NOTE 13 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

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

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

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

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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 \$39,398, which is reported as an intergovernmental payable.

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 equal to its surcharge obligation for fiscal year 2025.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

Net OPEB Liability (Asset)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0528458%	0.04234554%	
Prior Measurement Date	0.0535178%	0.04203875%	
Change in Proportionate Share	<u>-0.0006720%</u>	<u>0.00030679%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 538,232	\$ (803,214)	
OPEB Expense	\$ (75,128)	\$ (167,188)	\$ (242,316)

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Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 34,918	\$ 34,918
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	2,627	-	2,627
Changes of Assumptions	231,005	98,864	329,869
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	152	152
School District Contributions Subsequent to the Measurement Date	39,398	-	39,398
Total Deferred Outflows of Resources	\$ 273,030	\$ 133,934	\$ 406,964
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 580,360	\$ 86,560	\$ 666,920
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	34,486	34,486
Changes of Assumptions	247,245	362,247	609,492
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	64,322	1,765	66,087
Total Deferred Inflows of Resources	\$ 891,927	\$ 485,058	\$ 1,376,985

\$39,398 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/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	\$ (162,898)	\$ (123,011)	\$ (285,909)
2027	(117,068)	(54,344)	(171,412)
2028	(89,443)	(69,463)	(158,906)
2029	(76,151)	(64,629)	(140,780)
2030	(75,359)	(52,373)	(127,732)
Thereafter	(137,376)	12,696	(124,680)
Total	\$ (658,295)	\$ (351,124)	\$ (1,009,419)

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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 below:

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

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability	\$ 717,713	\$ 538,232	\$ 395,610
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability	\$ 363,825	\$ 538,232	\$ 767,476

Actuarial Assumptions – STRS

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
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.

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

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

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

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

**Final target weights reflected at October 1, 2022.*

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (653,108)	\$ (803,214)	\$ (933,875)

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	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB (Asset)	\$ (942,701)	\$ (803,214)	\$ (635,462)

NOTE 15 - CONTINGENCIES

Grants

The School District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District.

Litigation

The School District is not party to legal proceedings which, in the opinion of School District management, will have a material effect, if any, on the financial condition of the School District.

NOTE 16 – SET-ASIDES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvement Reserve</u>
Set Aside Restricted Balance June 30, 2024	\$ -
Current Year Set-Aside Requirement	205,910
Prior Year Offset from Bond Proceeds	<u>(205,910)</u>
Total	<u>\$ -</u>
Balance Carried Forward to Fiscal Year 2026	<u>\$ -</u>
Set Aside Balance June 30, 2025	<u>\$ -</u>

In prior fiscal years, the School District issued \$3,037,000 in general obligation bonds. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$1,282,393 at June 30, 2025.

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NOTE 17 - OTHER COMMITMENTS

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

Fund	Amount
General	\$ 85,262
Nonmajor Governmental	7,832
	<u>\$ 93,094</u>

NOTE 18 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Other Governmental Funds	Total
Restricted for:			
Debt Service	\$ -	\$ 55,371	\$ 55,371
Food Service Operations	-	44,441	44,441
Federally Funded Programs	-	3,940	3,940
State Funded Programs	-	7,523	7,523
Extracurricular Activities	-	105,484	105,484
Classroom Facilities Maintenance	-	49,077	49,077
Athletic Facilities Capital Projects	-	1,065,049	1,065,049
Other Purposes	-	89,469	89,469
Total Restricted	<u>-</u>	<u>1,420,354</u>	<u>1,420,354</u>
Assigned for:			
Instruction	3,309	-	3,309
Support Services	76,708	-	76,708
Extracurricular	4,652	-	4,652
School Supplies	11,169	-	11,169
Public School Support	16,159	-	16,159
Student and Staff Support	9,373	-	9,373
Capital Improvements	-	796,525	796,525
Total Assigned	<u>121,370</u>	<u>796,525</u>	<u>917,895</u>
Unassigned	5,298,435	(27,172)	5,271,263
Total Fund Balance	<u>\$ 5,419,805</u>	<u>\$ 2,189,707</u>	<u>\$ 7,609,512</u>

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Fund balances fiscal year-end included the following individual fund deficits:

	<u>Deficit</u>
<i>Non-Major Governmental Funds</i>	
IDEA Part B	\$ 9,314
School Improvement Stimulus A	2,803
Title I	<u>15,055</u>
Total	<u>\$ 27,172</u>

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

NOTE 19 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the fiscal year-ended June 30, 2025, the School District has implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences to promote consistency and better meet the information needs of financial statement users. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. These changes were incorporated into the School District's fiscal year 2025 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 102 provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints as concentrations and constraints may limit a government's ability to acquire resources or control spending. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the School District.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

Year	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<i>School Employees Retirement System (SERS)</i>					
2025	0.0516619%	\$ 2,642,812	\$ 2,174,229	121.55%	78.52%
2024	0.0519664%	2,871,409	2,112,150	135.95%	76.06%
2023	0.0523896%	2,833,637	1,917,107	147.81%	75.82%
2022	0.0544872%	2,010,420	1,879,671	106.96%	82.86%
2021	0.0546106%	3,612,060	1,709,907	211.24%	68.55%
2020	0.0563414%	3,371,005	2,044,963	164.84%	70.85%
2019	0.0545728%	3,125,485	1,876,637	166.55%	71.36%
2018	0.0542645%	3,242,184	1,801,729	179.95%	69.50%
2017	0.0530300%	3,881,307	1,651,464	235.02%	62.98%
2016	0.0515193%	2,939,741	1,551,002	189.54%	69.16%
<i>State Teachers Retirement System (STRS)</i>					
2025	0.04234554%	\$ 8,147,966	\$ 5,971,550	136.45%	82.55%
2024	0.04203875%	9,053,020	5,647,850	160.29%	80.02%
2023	0.04207518%	9,353,365	5,415,343	172.72%	78.88%
2022	0.04347292%	5,558,403	5,536,929	100.39%	87.78%
2021	0.04425297%	10,707,644	5,317,471	201.37%	75.48%
2020	0.04407775%	9,747,530	5,137,986	189.71%	77.40%
2019	0.04425053%	9,729,698	5,109,143	190.44%	77.31%
2018	0.04295741%	10,204,625	4,753,214	214.69%	75.30%
2017	0.04208102%	14,085,786	4,483,164	314.19%	66.80%
2016	0.04154111%	11,480,748	4,394,536	261.25%	72.10%

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability/Asset
Last Nine Fiscal Years (1)

Year	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
<i>School Employees Retirement System (SERS)</i>					
2025	0.0528458%	\$ 538,232	\$ 2,174,229	24.76%	44.50%
2024	0.0535178%	881,676	2,112,150	41.74%	30.02%
2023	0.0537224%	754,268	1,917,107	39.34%	30.34%
2022	0.0531665%	1,006,220	1,879,671	53.53%	24.08%
2021	0.0527522%	1,146,478	1,709,907	67.05%	18.17%
2020	0.0555313%	1,396,495	2,044,963	68.29%	15.57%
2019	0.0555954%	1,542,367	1,876,637	82.19%	13.57%
2018	0.0549417%	1,474,491	1,801,729	81.84%	12.46%
2017	0.0536842%	1,530,198	1,651,464	92.66%	11.49%
<i>State Teachers Retirement System (STRS)</i>					
2025	0.04234554%	\$ (803,214)	\$ 5,971,550	-13.45%	158.01%
2024	0.04208102%	(817,596)	5,647,850	-14.89%	168.52%
2023	0.04207518%	(1,089,466)	5,415,343	-19.38%	230.73%
2022	0.04347292%	(916,591)	5,536,929	-19.01%	174.73%
2021	0.04425297%	(777,746)	5,317,471	-78.26%	182.10%
2020	0.04477750%	(730,033)	5,137,986	-14.09%	174.70%
2019	0.04425053%	(711,061)	5,109,143	-14.04%	176.00%
2018	0.04295741%	1,676,040	4,753,214	34.46%	47.10%
2017	0.04208102%	2,250,504	4,483,164	50.84%	37.30%

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

(1) Information prior to 2017 is not available.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

<u>Year</u>	<u>Contractually Required Contribution - Pension (1)</u>	<u>Contractually Required Contribution - OPEB (1)(2)</u>	<u>School District's Covered Payroll</u>	<u>Pension Contributions as a Percentage of Covered Payroll</u>	<u>OPEB Contributions as a Percentage of Covered Payroll (2)</u>
<i>School Employees Retirement System (SERS)</i>					
2025	\$ 324,181	\$ 39,398	\$ 2,315,579	14.00%	1.70%
2024	304,392	39,158	2,174,229	14.00%	1.80%
2023	295,701	39,361	2,112,150	14.00%	1.86%
2022	268,395	51,899	1,917,107	14.00%	2.71%
2021	263,154	20,255	1,879,671	14.00%	1.08%
2020	239,387	15,362	1,709,907	14.00%	0.90%
2019	276,070	33,774	2,044,963	13.50%	1.65%
2018	253,346	40,445	1,876,637	13.50%	2.16%
2017	252,242	29,370	1,801,729	14.00%	1.63%
2016	231,205	26,925	1,651,464	14.00%	1.63%
<i>State Teachers Retirement System (STRS)</i>					
2025	\$ 914,949	\$ -	\$ 6,535,350	14.00%	0.00%
2024	836,017	-	5,971,550	14.00%	0.00%
2023	790,699	-	5,647,850	14.00%	0.00%
2022	758,148	-	5,415,343	14.00%	0.00%
2021	775,170	-	5,536,929	14.00%	0.00%
2020	744,446	-	5,317,471	14.00%	0.00%
2019	719,318	-	5,137,986	14.00%	0.00%
2018	715,280	-	5,109,143	14.00%	0.00%
2017	665,450	-	4,753,214	14.00%	0.00%
2016	627,643	-	4,483,164	14.00%	0.00%

(1) The contributions in relation to the contractually required contributions are equal to the contractually required contributions, resulting in zero contribution deficiency/excess.

(2) SERS contributions include surcharge

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Years 2016 and Prior</u>
Wage Inflation	2.40%	3.00%	3.25%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%	4.00% to 22.00%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	7.75% net of investment expenses, 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 MP2020 projection scale generationally.

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.

Amounts report 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 Benefit Terms - SERS

For fiscal year 2022, COLA was increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA was reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

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:

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
Inflation	2.50%	2.50%	2.75%
	Varies by service from	From 12.50% at age 20 to	From 12.25% at age 20 to
Projected Salary Increases	2.50% 8.50%	2.50% at age 65	2.75% at age 70
Investment Rate of Return, net of investment	7.00%	7.45%	7.75%
Payroll Increases	3.00%	3.00%	3.50%

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 RP2014 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

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.

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2017</u>
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.50%

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

	<u>Fiscal Year</u>									
<u>Assumption</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Municipal Bond Index Rate	3.93%	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%	
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	4.88%	4.27%	4.08%	2.27%	2.63%	3.22%	3.70%	3.63%	2.98%	

Changes in Assumptions – STRS

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

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 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 2018, the blended discount rate was increased from 3.26 percent to 4.13 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.

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Benefit Terms – STRS

For fiscal year 2025, 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 2023, health care trends were updated to reflect emerging claims and recoveries experience

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 year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 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 .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

To the Board of Education
 Newcomerstown Exempted Village School
 Tuscarawas County, Ohio
 702 S. River Street
 Newcomerstown, OH 43832

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
 and Other Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Newcomerstown Exempted Village School, Tuscarawas County, Ohio (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Newcomerstown Exempted Village School
Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
Page 2 of 2

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 22, 2025

To the Board of Education
Newcomerstown Exempted Village School
Tuscarawas County, Ohio
702 S. River Street
Newcomerstown, OH 43832

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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 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 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 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 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 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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.

Newcomerstown Exempted Village School
Independent Auditor's Report on Compliance for Each Major Federal Program and
Report on Internal Control over Compliance Required by the Uniform Guidance
Page 3 of 3

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Zanesville, Ohio
December 22, 2025

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio

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

Federal Grantor/ Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education & Workforce</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution)				
School Breakfast Program	10.553	2025	\$ 14,592	\$ -
National School Lunch Program	10.555	2025	34,503	-
Non-Cash Assistance (Food Distribution) Subtotal			49,095	-
Cash Assistance: U.S.D.A.				
School Breakfast Program	10.553	2025	159,440	-
National School Lunch Program	10.555	2025	377,002	-
U.S.D.A. Cash Assistance Subtotal			536,442	-
Total Child Nutrition Cluster			585,537	-
Total U.S. Department of Agriculture			585,537	-
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education & Workforce</i>				
Title I Expanding Opportunities for Each Child (EOEC)	84.010A	2025	42,355	-
Title I Expanding Opportunities for Each Child (EOEC)	84.010A	2024	57,883	-
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	2025	317,842	-
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	2024	9,379	-
Title I Supplemental School Improvement Grants	84.010A	2025	94,164	-
Total Title I Grants to Local Education Agencies			521,623	-
Special Education Cluster:				
Special Education - Grants to States (Idea Part B)	84.027A	2024	37,325	-
Special Education - Grants to States (Idea Part B)	84.027A	2025	205,031	-
Special Education Grants to States Subtotal			242,356	-
Special Education - Preschool Grants Consortium Allocation	84.173A	2025	5,233	-
Total Special Education Cluster			247,589	-
Title III Language Instruction for English Learners Consortium Allocation			1,099	-
Student Support and Academic Enrichment	84.424A	2025	19,712	-
Total Student Support and Academic Enrichment			19,712	-
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	2025	283,841	-
Total ESSER Cares Funding			283,841	-
Total U.S. Department of Education			1,073,864	-
Total Expenditures of Federal Awards			\$ 1,659,401	\$ -

The accompanying notes are an integral part of this schedule.

**NEWCOMERSTOWN EXEMPTED VILLAGE 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 the Newcomerstown Exempted Village School District (the 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amount Transferred</u>
Special Education – Grants to States (IDEA, Part B)	84.027A	\$ 32,736
Student Support and Academic Enrichment Program (Title IV-A)	84.424A	6,823
Improving Basic Programs (Title I-A)	84.010A	15,850
Supporting Effective Instruction (Title II-A)	84.367A	2,129

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material control weaknesses in internal control reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): Nutrition Cluster School Breakfast Program National School Lunch Program	ALN: 10.553 10.555
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Newcomerstown Exempted Village School District

702 S. River Street ~ Newcomerstown, OH 43832 ~ 740-498-8373



“Home of the Trojans”

Newcomerstown Exempted Village School District
Tuscarawas County, Ohio
Schedule of Prior Audit Findings
2 CFR Section 200.511(b)
June 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Significant Deficiency – Internal Controls over Financial Reporting	Fully Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



NEWCOMERSTOWN EXEMPTED VILLAGE 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 3/24/2026

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