



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2025



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

Board of Education
Newton Falls Exempted Village School District
909 1/2 Milton Blvd
Newton Falls, Ohio 44444

We have reviewed the *Independent Auditor's Report* of the Newton Falls Exempted Village School District, Trumbull County, prepared by BHM CPA Group, 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. The Newton Falls 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

May 08, 2026

This page intentionally left blank.

Newton Falls Exempted Village School District
Trumbull County
For the Year Ended June 30, 2025
Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Notes to the Basic Financial Statements	23
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund	65
Schedule of the School District's Proportionate Share of Net Pension Liability and Pension Contributions - School Employees Retirement System of Ohio – Last Ten Fiscal Years	66
Schedule of the School District's Proportionate Share of Net Pension Liability and Pension Contributions - State Teachers Retirement System of Ohio – Last Ten Fiscal Years	67
Schedule of the School District's Proportionate Share of Net OPEB Liability and OPEB Contributions - School Employees Retirement System of Ohio – Last Nine and Ten Fiscal Years.....	68
Schedule of the School District's Proportionate Share of Net OPEB Liability/(Asset) and OPEB Contributions - State Teachers Retirement System of Ohio – Last Nine and Ten Fiscal Years.....	69
Notes to the Required Supplementary Information.....	70
Supplementary Information	
Schedule of Expenditures of Federal awards.....	77

Newton Falls Exempted Village School District
Trumbull County
For the Year Ended June 30, 2025
Table of Contents
(continued)

<u>TITLE</u>	<u>PAGE</u>
Notes to the Schedule of Expenditures of Federal Awards.....	78
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	79
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	81
Schedule of Findings 2 CFR § 200.515.....	84



INDEPENDENT AUDITOR'S REPORT

Newton Falls Exempted Village School District
Trumbull County
909 1/2 Milton Blvd
Newton Falls, OH 44444

To the Board of Education:

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 Newton Falls Exempted Village School District, Trumbull 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 Newton Falls Exempted Village School District, Trumbull County, Ohio as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

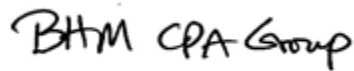
Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Portsmouth, Ohio
January 27, 2026

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The management's discussion and analysis of the Newton Falls 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 financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position of governmental activities increased \$1,045,791 which represents a 157.13% increase over the 2024 restated net position of \$665,566.
- General revenues accounted for \$12,233,014 in revenue or 80.07% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,045,696 or 19.93% of total revenues of \$15,278,710.
- The School District had \$14,232,919 in expenses related to governmental activities; only \$3,045,696 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,233,014 were adequate to provide for these programs.
- The School District's major governmental funds are the general fund and the capital projects fund. The general fund had \$13,772,995 in revenues and other financing sources and \$14,472,576 in expenditures and other financing uses. During fiscal year 2025, the general fund's fund balance decreased \$699,581 from a balance of \$3,294,178 to \$2,594,597.
- The capital projects fund had \$1,500,000 in other financing sources. During fiscal year 2025, the capital projects fund's fund balance increased \$1,500,000 from a balance of zero to \$1,500,000.

Using These Basic Financial Statements

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund and capital projects fund are by far the most significant funds, and the only governmental funds reported as major funds.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2025?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 13. 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 funds are the general fund and the capital projects fund.

Governmental Funds

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 financial 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 basic financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's general fund budgetary information, net pension liability and net OPEB liability/asset and the School District contributions for pension and OPEB.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole.

The table below provides a summary of the School District's net position at June 30, 2025 and June 30, 2024. For the table below, amounts for fiscal year 2025 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 3) while amounts for fiscal year 2024 have been presented in accordance with previous guidance.

	Net Position	
	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Assets</u>		
Current and other assets	\$ 13,056,614	\$ 12,407,876
Capital assets, net	<u>8,463,409</u>	<u>8,949,484</u>
Total assets	<u>21,520,023</u>	<u>21,357,360</u>
<u>Deferred outflows of resources</u>		
Pension	1,957,821	2,392,979
OPEB	<u>457,450</u>	<u>531,439</u>
Total deferred outflows of resources	<u>2,415,271</u>	<u>2,924,418</u>
<u>Liabilities</u>		
Current liabilities	1,716,466	1,593,369
Long-term liabilities	<u>12,829,747</u>	<u>12,967,566</u>
Total liabilities	<u>14,546,213</u>	<u>14,560,935</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	4,365,735	4,407,690
Leases	3,974	27,109
Pension	2,096,003	1,103,871
OPEB	<u>1,212,012</u>	<u>1,341,628</u>
Total deferred outflows of resources	<u>7,677,724</u>	<u>6,880,298</u>
<u>Net Pension</u>		
Net investment in capital assets	7,858,994	8,316,784
Restricted	1,777,915	1,898,547
Unrestricted (deficit)	<u>(7,925,552)</u>	<u>(7,374,786)</u>
Total net position	<u>\$ 1,711,357</u>	<u>\$ 2,840,545</u>

The net pension liability (NPL) is the largest single liability 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." The School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the 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.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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 liability* or *net 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 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 liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

In accordance with GASB 68 and GASB 75, the 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 liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the School District's assets plus deferred outflows of resources exceeded the liabilities plus deferred inflows of resources by \$1,711,357.

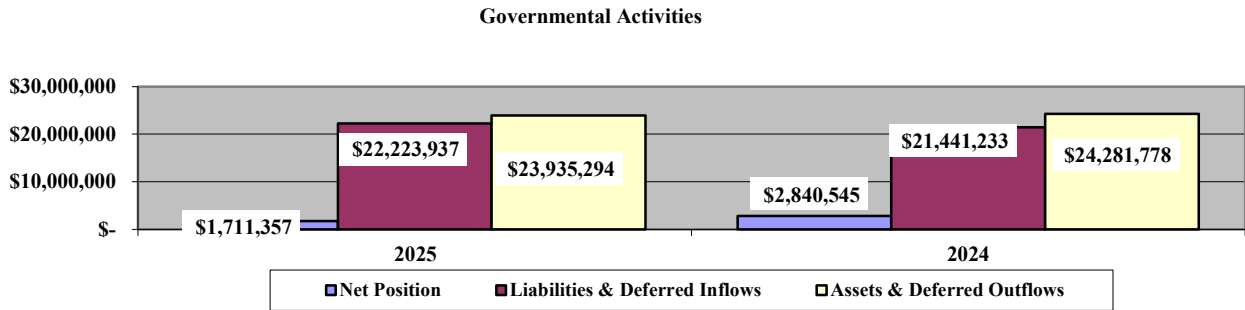
**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

At year end, capital assets represented 39.33% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, textbooks and intangible right to use assets. Net investment in capital assets at June 30, 2025, was \$7,858,994. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's 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, \$1,777,915, represents resources that are subject to external restriction on how they may be used. The remaining balance is a deficit unrestricted net position of \$7,925,552.

The graph below shows the School District's assets, liabilities and net position at June 30, 2025 and 2024.



The following table shows changes in the net position for 2025 and 2024. During fiscal year 2025, the School District implemented GASB Statement No. 101 (see Note 3). For the table below, the implementation has been reported as a change in accounting principle.

Change in Net Position

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 415,324	\$ 638,878
Operating grants and contributions	2,630,372	2,485,310
General revenues:		
Property taxes	4,218,307	4,819,655
Grants and entitlements	7,538,202	7,270,255
Investment earnings	276,079	258,897
Miscellaneous	<u>200,426</u>	<u>193,105</u>
Total revenues	\$ <u>15,278,710</u>	\$ <u>15,666,100</u>

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)

Change in Net Position - Continued

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,235,288	\$ 5,152,480
Special	1,786,671	2,185,982
Vocational	374,674	112,810
Other	120,058	1,491
Support services:		
Pupil	621,200	696,344
Instructional staff	270,382	126,450
Board of education	62,517	35,276
Administration	1,225,015	1,036,646
Fiscal	538,908	476,357
Business	5,515	47,287
Operations and maintenance	1,770,792	1,513,268
Pupil transportation	714,703	832,391
Central	277,646	238,983
Operation of non-instructional services:		
Food service operations	705,778	587,470
Other non-instructional services	5,627	1,229
Extracurricular activities	498,367	565,037
Interest	19,778	22,318
Total expenses	<u>14,232,919</u>	<u>13,631,819</u>
Change in net position	1,045,791	2,034,281
Net position as previously reported	2,840,545	806,264
Restatement - change in accounting principle	<u>(2,174,979)</u>	<u>-</u>
Net position at beginning of year, restated	<u>665,566</u>	<u>806,264</u>
Net position at end of year	<u><u>\$ 1,711,357</u></u>	<u><u>\$ 2,840,545</u></u>

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Governmental Activities

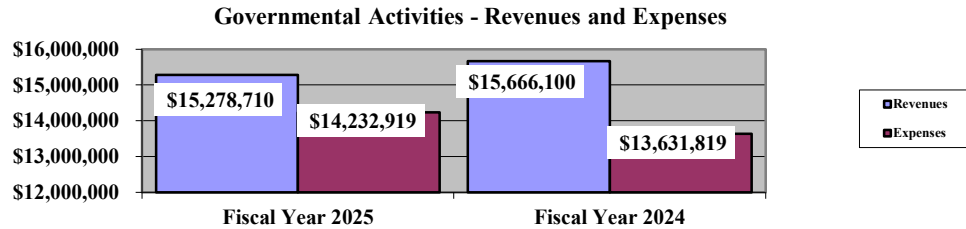
Net position of the School District's governmental activities increased \$1,045,791 over the 2024 restated net position. Total governmental expenses of \$14,232,919 were offset by program revenues of \$3,045,696 and general revenues of \$12,233,014. Program revenues supported 21.40% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$601,100 or 4.41%. This increase is primarily the result of an increase in support service expenses. Revenues of governmental activities decreased \$387,390 or 2.47%. This decrease is primarily the result of a decrease in charges for services.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 76.95% of total governmental revenue.

The largest expense of the School District is for instructional programs. Instruction expenses totaled \$7,516,691 or 52.81% of total governmental expenses for fiscal year 2025.

The graph below presents the School District's governmental activities revenues and expenses for fiscal years 2025 and 2024.



THIS SPACE INTENTIONALLY LEFT BLANK

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

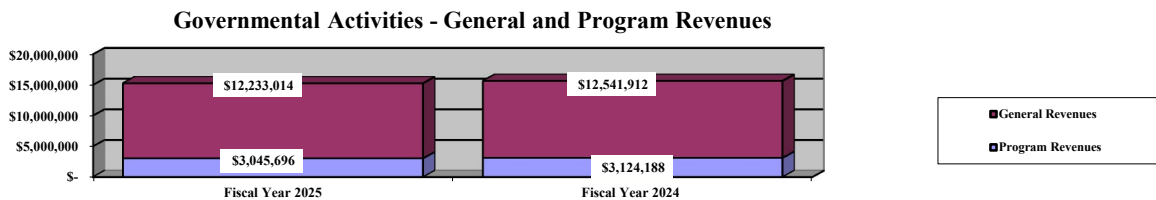
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2025</u>	Net Cost of Services <u>2025</u>	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>
Program expenses				
Instruction:				
Regular	\$ 5,235,288	\$ 4,901,977	\$ 5,152,480	\$ 4,637,721
Special	1,786,671	752,672	2,185,982	1,159,553
Vocational	374,674	328,491	112,810	59,497
Other	120,058	64,881	1,491	1,491
Support services:				
Pupil	621,200	294,693	696,344	613,637
Instructional staff	270,382	174,538	126,450	20,786
Board of education	62,517	62,517	35,276	35,276
Administration	1,225,015	1,194,809	1,036,646	1,036,646
Fiscal	538,908	490,488	476,357	476,357
Business	5,515	5,515	47,287	(37,213)
Operations and maintenance	1,770,792	1,351,291	1,513,268	979,663
Pupil transportation	714,703	706,723	832,391	774,930
Central	277,646	277,397	238,983	238,600
Operation of non-instructional services:				
Food service operations	705,778	201,656	587,470	92,518
Other non-instructional services	5,627	3,247	1,229	980
Extracurricular activities	498,367	356,550	565,037	394,871
Interest	19,778	19,778	22,318	22,318
Total expenses	\$ 14,232,919	\$ 11,187,223	\$ 13,631,819	\$ 10,507,631

The dependence upon tax and other general revenues for governmental activities is apparent; 80.46% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.60%. The School District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal years 2025 and 2024.



**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The School District's Funds

The School District's governmental funds reported a combined fund balance of \$5,284,852, which is a higher balance than last year's total balance of \$4,430,553. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2025 and 2024.

	<u>Fund Balance June 30, 2025</u>	<u>Fund Balance June 30, 2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
General fund	\$ 2,594,597	\$ 3,294,178	\$ (699,581)	(21.24) %
Capital projects fund	1,500,000	-	1,500,000	100.00 %
Nonmajor governmental funds	<u>1,190,255</u>	<u>1,136,375</u>	<u>53,880</u>	4.74 %
Total	<u>\$ 5,284,852</u>	<u>\$ 4,430,553</u>	<u>\$ 854,299</u>	19.28 %

General Fund

The School District's general fund's fund balance decreased \$699,581 from a balance of \$3,294,178 to \$2,594,597. The table that follows assists in illustrating the financial activities and fund balance of the general fund. The School District's general fund revenues exceeded expenditures by \$1,445,766. During fiscal year 2025, the School District reported an increase in tax revenues due to an increase in property tax revenues received during the year. Investment earnings increased due to an increase in investments and the interest earned on those investments. Intergovernmental revenue increased due to an increase in state foundation. Expenditures related to instruction and support services varied due to increases in wages and fringe benefits. The facilities acquisition and construction expenditure increased due to an increase in general fund capital asset purchases. Capital outlay increased due to the new lease agreement that was entered into during the current fiscal year. All other revenues and expenditures remained consistent with the prior fiscal year.

	<u>2025 Amount</u>	<u>2024 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 4,305,634	\$ 4,130,026	\$ 175,608	4.25 %
Tuition and fees	236,083	221,360	14,723	6.65 %
Investment earnings	276,079	258,897	17,182	6.64 %
Intergovernmental	8,501,548	7,961,359	540,189	6.79 %
Other revenues	<u>377,238</u>	<u>329,098</u>	<u>48,140</u>	14.63 %
Total	<u>\$ 13,696,582</u>	<u>\$ 12,900,740</u>	<u>\$ 795,842</u>	6.17 %
<u>Expenditures</u>				
Instruction	\$ 6,560,429	\$ 6,124,822	\$ 435,607	7.11 %
Support services	5,422,680	4,782,641	640,039	13.38 %
Operation of non-instructional services	3,247	7,793	(4,546)	(58.33) %
Extracurricular activities	132,478	110,856	21,622	19.50 %
Facilities acquisition and construction	28,392	-	28,392	100.00 %
Capital outlay	63,658	-	63,658	100.00 %
Debt service	<u>39,932</u>	<u>25,735</u>	<u>14,197</u>	55.17 %
Total	<u>\$ 12,250,816</u>	<u>\$ 11,051,847</u>	<u>\$ 1,198,969</u>	10.85 %

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Capital Projects Fund

The capital projects fund had \$1,500,000 in other financing sources. During fiscal year 2025, the capital projects fund's fund balance increased \$1,500,000 from a balance of zero to \$1,500,000 due to a transfer in of \$1,500,000 from the general fund.

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. For the general fund, original and final budgeted revenues and other financing sources were \$11,807,703. Actual revenues and other financing sources for fiscal year 2025 were \$12,658,946 which was \$851,243 higher than the final budgeted revenues.

General fund original and final budgeted appropriations and other financing uses were \$11,624,516 and \$13,457,281, respectively. The actual budget basis expenditures and other financing uses for fiscal year 2025 totaled \$13,332,744, which was \$124,537 less than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the School District had \$8,463,409 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, textbooks and intangible right to use assets. This entire amount is reported in governmental activities.

The following table shows fiscal year 2025 balances compared to the 2024.

**Capital Assets at June 30
(Net of Depreciation/Amortization)**

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 53,800	\$ 58,300
Land improvements	451,589	394,950
Building and improvements	6,966,102	7,747,747
Furniture and equipment	452,370	320,034
Vehicles	384,183	401,402
Textbooks	80,226	-
Intangible right to use assets	<u>75,139</u>	<u>27,051</u>
Total	<u>\$ 8,463,409</u>	<u>\$ 8,949,484</u>

The overall decrease in capital assets of \$486,075 is due to depreciation/amortization expense \$936,676 and net disposals of \$130,993 exceeding capital outlay of \$581,594. The School District increased their capital asset threshold from \$2,000 to \$10,000 during fiscal year 2025.

See Note 7 to the basic financial statements for additional information on the School District's capital assets.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Debt Administration

At June 30, 2025, the School District had \$529,126 in general obligation bonds and \$75,289 in leases outstanding. Of this total, \$93,854 is due within one year and \$510,561 is due in greater than one year. The following table summarizes the outstanding obligations for fiscal year 2025 compared to 2024.

Outstanding Debt, at Year End

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
General obligation bonds	\$ 529,126	\$ 605,892
Leases payable	<u>75,289</u>	<u>37,700</u>
Total	<u>\$ 604,415</u>	<u>\$ 643,592</u>

See Note 8 to the basic financial statements for additional information on the School District's debt administration.

School District Outlook

The Board of Education and administration closely monitors revenues and expenditures to make sure they align with the five year forecast and continuously review financial transactions and planning. Similar to many school districts and communities in the Mahoning Valley the School District has been faced with a population negatively impacted by the loss of high wage jobs. The School District will continue to work to maximize revenue through all sources and plan expenditures in a manner to provide maximum resources possible to meet the needs of our students.

The School District has one of the lowest millage rates for property taxes in Trumbull County. Spending adjustments will need to continue due to the funds from ESSER/ARP being utilized and not wanting to have any legacy costs from those expenses.

In conclusion, the School District's system of budgeting and internal controls is well regarded and will continue to work towards improvement.

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 the Treasurer's office at Newton Falls Exempted Village School District, 909 1/2 Milton Blvd, Newton Falls, Ohio 44444.

BASIC
FINANCIAL STATEMENTS

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 6,814,823
Receivables:	
Property taxes	5,450,942
Accounts	2,625
Accrued interest	33,217
Intergovernmental	55,610
Leases	3,974
Prepayments	46,909
Materials and supplies inventory	934
Inventory held for resale	1,575
Net OPEB asset	646,005
Capital assets:	
Nondepreciable capital assets	53,800
Depreciable capital assets, net	8,409,609
Capital assets, net	<u>8,463,409</u>
Total assets	<u>21,520,023</u>
Deferred outflows of resources:	
Pension	1,957,821
OPEB	457,450
Total deferred outflows of resources	<u>2,415,271</u>
Liabilities:	
Accounts payable	30,899
Accrued wages and benefits	1,260,251
Matured compensated absences payable	54,896
Intergovernmental payable	116,437
Pension and postemployment benefits payable	223,052
Accrued interest payable	1,555
Unearned revenue	29,376
Long-term liabilities:	
Due within one year	586,729
Due in more than one year:	
Net pension liability	8,741,758
Net OPEB liability	443,884
Other amounts due in more than one year	3,057,376
Total liabilities	<u>14,546,213</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	4,365,735
Leases	3,974
Pension	2,096,003
OPEB	1,212,012
Total deferred inflows of resources	<u>7,677,724</u>
Net position:	
Net investment in capital assets	7,858,994
Restricted for:	
Capital projects	532,502
OPEB	646,005
Classroom facilities maintenance	138,857
Food service operations	225,412
Extracurricular	146,888
Other purposes	88,251
Unrestricted (deficit)	<u>(7,925,552)</u>
Total net position	<u>\$ 1,711,357</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 5,235,288	\$ 38,821	\$ 294,490	\$ (4,901,977)
Special	1,786,671	153,644	880,355	(752,672)
Vocational	374,674	-	46,183	(328,491)
Other	120,058	-	55,177	(64,881)
Support services:				
Pupil	621,200	-	326,507	(294,693)
Instructional staff	270,382	-	95,844	(174,538)
Board of education	62,517	-	-	(62,517)
Administration	1,225,015	-	30,206	(1,194,809)
Fiscal	538,908	-	48,420	(490,488)
Business	5,515	-	-	(5,515)
Operations and maintenance	1,770,792	120,806	298,695	(1,351,291)
Pupil transportation	714,703	319	7,661	(706,723)
Central	277,646	-	249	(277,397)
Operation of non-instructional services:				
Food service operations	705,778	31,343	472,779	(201,656)
Other non-instructional services	5,627	-	2,380	(3,247)
Extracurricular activities	498,367	70,391	71,426	(356,550)
Interest	19,778	-	-	(19,778)
Totals	\$ 14,232,919	\$ 415,324	\$ 2,630,372	(11,187,223)
General revenues:				
Property taxes levied for:				
General purposes				4,210,487
Classroom facilities maintenance				7,820
Grants and entitlements not restricted to specific programs				7,538,202
Investment earnings				276,079
Miscellaneous				200,426
Total general revenues				12,233,014
Change in net position				1,045,791
Net position at beginning of year, as previously reported				2,840,545
Restatement - Change in Accounting Principle				(2,174,979)
Net position at beginning of year, restated				665,566
Net position at end of year				\$ 1,711,357

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 3,973,123	\$ 1,500,000	\$ 1,341,700	\$ 6,814,823
Receivables:				
Property taxes	5,450,942	-	-	5,450,942
Accounts	2,625	-	-	2,625
Accrued interest	33,217	-	-	33,217
Intergovernmental	10,937	-	44,673	55,610
Leases	3,974	-	-	3,974
Prepayments	46,331	-	578	46,909
Materials and supplies inventory	-	-	934	934
Inventory held for resale	-	-	1,575	1,575
Total assets	<u>\$ 9,521,149</u>	<u>\$ 1,500,000</u>	<u>\$ 1,389,460</u>	<u>\$ 12,410,609</u>
Liabilities:				
Accounts payable	\$ 26,828	\$ -	\$ 4,071	\$ 30,899
Accrued wages and benefits	1,126,364	-	133,887	1,260,251
Matured compensated absences payable	54,896	-	-	54,896
Intergovernmental payable	114,378	-	2,059	116,437
Pension and postemployment benefits payable	193,240	-	29,812	223,052
Unearned revenue	-	-	29,376	29,376
Total liabilities	<u>1,515,706</u>	<u>-</u>	<u>199,205</u>	<u>1,714,911</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	4,365,735	-	-	4,365,735
Delinquent property tax revenue not available	1,041,137	-	-	1,041,137
Leases	3,974	-	-	3,974
Total deferred inflows of resources	<u>5,410,846</u>	<u>-</u>	<u>-</u>	<u>5,410,846</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	934	934
Prepays	46,331	-	578	46,909
Restricted:				
Capital projects	-	-	532,502	532,502
Classroom facilities maintenance	-	-	138,857	138,857
Food service operations	-	-	282,245	282,245
Extracurricular	-	-	146,888	146,888
Other purposes	-	-	88,251	88,251
Committed:				
Capital projects	-	1,500,000	-	1,500,000
Student and staff support	73,335	-	-	73,335
Termination benefits	146,048	-	-	146,048
Assigned:				
Student and staff support	150,149	-	-	150,149
Extracurricular activities	390	-	-	390
Facilities acquisition and construction	11,608	-	-	11,608
Unassigned	<u>2,166,736</u>	<u>-</u>	<u>-</u>	<u>2,166,736</u>
Total fund balances	<u>2,594,597</u>	<u>1,500,000</u>	<u>1,190,255</u>	<u>5,284,852</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,521,149</u>	<u>\$ 1,500,000</u>	<u>\$ 1,389,460</u>	<u>\$ 12,410,609</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Total governmental fund balances		\$ 5,284,852
<i>Amounts reported for governmental activities on 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.		8,463,409
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 1,041,137	
Total		1,041,137
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(1,555)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	1,957,821	
Deferred inflows - pension	(2,096,003)	
Net pension liability	(8,741,758)	
Deferred outflows - OPEB	457,450	
Deferred inflows - OPEB	(1,212,012)	
Net OPEB asset	646,005	
Net OPEB liability	(443,884)	
Total		(9,432,381)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(529,126)	
Lease obligations	(75,289)	
Special termination benefits	(47,928)	
Compensated absences	(2,991,762)	
Total		(3,644,105)
Net position of governmental activities		<u><u>\$ 1,711,357</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 4,305,634	\$ -	\$ 20,068	\$ 4,325,702
Intergovernmental	8,501,548	-	1,584,384	10,085,932
Investment earnings	276,079	-	2,913	278,992
Tuition and fees	236,083	-	-	236,083
Extracurricular	47,451	-	91,606	139,057
Rental income	120,743	-	150	120,893
Charges for services	-	-	31,343	31,343
Contributions and donations	4,644	-	7,472	12,116
Miscellaneous	204,400	-	4,105	208,505
Total revenues	<u>13,696,582</u>	<u>-</u>	<u>1,742,041</u>	<u>15,438,623</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,476,123	-	288,517	4,764,640
Special	1,765,286	-	218,207	1,983,493
Vocational	249,575	-	-	249,575
Other	69,445	-	55,177	124,622
Support services:				
Pupil	719,453	-	67,649	787,102
Instructional staff	184,057	-	95,844	279,901
Board of education	64,210	-	-	64,210
Administration	1,292,796	-	30,206	1,323,002
Fiscal	457,884	-	48,736	506,620
Business	6,316	-	-	6,316
Operations and maintenance	1,736,931	-	418,932	2,155,863
Pupil transportation	672,497	-	24,801	697,298
Central	288,536	-	249	288,785
Operation of non-instructional services:				
Food service operations	-	-	683,808	683,808
Other non-instructional services	3,247	-	2,380	5,627
Extracurricular activities	132,478	-	379,715	512,193
Facilities acquisition and construction	28,392	-	-	28,392
Capital outlay	63,658	-	-	63,658
Debt service:				
Principal retirement	38,824	-	75,000	113,824
Interest	1,108	-	20,700	21,808
Total expenditures	<u>12,250,816</u>	<u>-</u>	<u>2,409,921</u>	<u>14,660,737</u>
Excess of revenues over (under) expenditures	<u>1,445,766</u>	<u>-</u>	<u>(667,880)</u>	<u>777,886</u>
Other financing sources (uses):				
Transfers in	-	1,500,000	721,760	2,221,760
Transfers (out)	(2,221,760)	-	-	(2,221,760)
Lease transaction	76,413	-	-	76,413
Total other financing sources (uses)	<u>(2,145,347)</u>	<u>1,500,000</u>	<u>721,760</u>	<u>76,413</u>
Net change in fund balances	(699,581)	1,500,000	53,880	854,299
Fund balances at beginning of year	<u>3,294,178</u>	<u>-</u>	<u>1,136,375</u>	<u>4,430,553</u>
Fund balances at end of year	<u><u>\$ 2,594,597</u></u>	<u><u>\$ 1,500,000</u></u>	<u><u>\$ 1,190,255</u></u>	<u><u>\$ 5,284,852</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL 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 \$ 854,299

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation/amortization expense.

Capital asset additions	\$ 581,594	
Current year depreciation/amortization	(936,676)	
Total		(355,082)

The net effect of various miscellaneous transactions involving
capital assets (i.e., sales, disposals, trade-ins, and donations) is to
decrease net position. (130,993)

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

Property taxes	(107,395)	
Tuition	(43,900)	
Miscellaneous	(8,618)	
Total		(159,913)

Repayment of bond and lease principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
on the statement of net position. 113,824

Issuance of leases are recorded as other financing sources in the funds;
however, in the statement of activities, they are not reported as other
financing sources as they increase liabilities on the statement
of net position. (76,413)

In the statement of activities, interest is accrued on outstanding bonds,
whereas in governmental funds, an interest expenditure is reported
when due. The following items resulted in less interest being
reported in the statement of activities:

Accrued interest payable	264	
Amortization of bond premiums	1,766	
Total		2,030

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

Pension	998,902	
OPEB	32,163	
Total		1,031,065

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

Pension	(407,389)	
OPEB	229,434	
Total		(177,955)

Some expenses reported in the statement of activities, such as compensated
absences and termination benefits, do not require the use of current
financial resources and therefore are not reported as expenditures
in governmental funds.

(55,071)

Change in net position of governmental activities \$ 1,045,791

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Newton Falls Exempted Village School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's three instructional/support facilities staffed by 43 classified employees, 58 certificated full and part-time teaching, 3 school counselors, 6 administrators and 2 supervisors who provide services to approximately 809 students and other community members.

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.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus 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 District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; 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 School District participates in two public entity pools and two jointly governed organizations. The organizations are the Ohio Schools Council Workers' Compensation Group Retrospective Rating Program, the Trumbull County Schools Employee Insurance Benefits Consortium, the Northeast Ohio Management Information Network and the Trumbull County Career and Technical Center. These organizations are presented in Notes 10 and 11 to the basic financial statements.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

B. 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. In reporting its financial activities, the School District has governmental funds.

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 and deferred outflows of resources are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following are the School District's major governmental funds:

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.

Capital Projects Fund - The capital projects fund is used to accumulate money for one or more capital projects.

Other governmental funds of the School District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor debt service funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

C. 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. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business type activities.

The 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.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources along with all 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 - During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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.

D. 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. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied (See Note 6). Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Unearned Revenue - Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

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 13 and 14 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. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 13 and 14 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 entitlement 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.

E. Pensions/Other Postemployment Benefits (OPEB)

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

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

F. Cash and Cash Equivalents

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

During fiscal year 2025, the School District invested in STAR Ohio. 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 fiscal year 2025, 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. Investment earnings/interest revenue credited to the general fund during fiscal year 2025 amounted to \$276,079, of which \$91,859 was assigned from other School District funds.

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

G. Prepaid Items

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

H. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of ten thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. In addition, assets having an estimated useful life of more than one year that are below the capitalization threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

<u>Description</u>	<u>Activities Estimated Lives</u>
Land Improvements	20 years
Building and Improvements	15 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	10 - 20 years
Textbooks	15 years
Intangible Right to Use Asset - Equipment	5 - 10 years

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

I. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies and donated and purchased food held for resale.

J. Interfund Balances

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

K. Compensated Absences

The School District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The School District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

Sick Leave

The School District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the School District and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

L. Accrued Liabilities and Long-term Obligations

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

M. Leases

The School District serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

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

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

N. Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

O. 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. It also includes the long-term amount of loans receivable.

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.

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

P. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represent the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits. Net position restricted for other purposes include resources restricted for auxiliary services, food services and extracurricular activities.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

Q. Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are received in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

R. Estimates

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

S. Budgetary Data

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

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

T. 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 fiscal year 2025.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2025, the School District has implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the School District.

B. Restatement of Net Position

During fiscal year 2025, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is to decrease net position as previously reported. This is displayed where applicable in the financial statements as "restatement - change in accounting principle".

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

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

A. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all School District deposits was \$1,480,046 and the bank balance of all School District deposits was \$1,652,696. Of the bank balance, \$1,325,000 was covered by the FDIC and \$327,696 was covered by the Ohio Pooled Collateral System. None of the School District's bank balance was exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. Although all statutory requirements for the deposit of money has been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2025, the School District had the following investment and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities 6 months or less
Amortized Cost: STAR Ohio	\$ 5,334,777	\$ 5,334,777

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations.

Credit Risk: STAR Ohio carried a rating of AAAM by Standard & Poor's. 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 address credit risk beyond the adherence to Chapter 135 of the Ohio Revised Code.

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.

Concentration of Credit Risk: The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2025:

Measurement/ Investment type	Measurement Value	% of Total
Amortized Cost: STAR Ohio	\$ 5,334,777	100.00

C. Reconciliation of Cash and Investments to the Statement of Activities

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2025:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,480,046
Investments	<u>5,334,777</u>
Total	<u>\$ 6,814,823</u>
<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ <u>6,814,823</u>
Total	<u>\$ 6,814,823</u>

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 5 - 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 property and public utility property. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2025 became a lien on 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 is currently assessed at varying percentages of true value.

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available as an advance at June 30, 2025 and 2024 were:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major governmental funds:		
General fund	\$ 44,070	\$ 12,052
Nonmajor governmental funds:		
Classroom facilities maintenance fund	-	130

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.

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

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

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

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 172,686,310	97.91	\$ 173,979,880	97.70
Public utility personal	<u>3,684,930</u>	<u>2.09</u>	<u>4,087,080</u>	<u>2.30</u>
Total	<u>\$ 176,371,240</u>	<u>100.00</u>	<u>\$ 178,066,960</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$38.35		\$37.80	

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 6 - RECEIVABLES

Receivables at June 30, 2025, consisted of taxes, accounts, accrued interest, intergovernmental grants and entitlements and leases. 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. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of receivables reported on the statement of net position are as follows:

Governmental activities:

Taxes	\$ 5,450,942
Accounts	2,625
Accrued interest	33,217
Intergovernmental	55,610
Leases	<u>3,974</u>
Total	<u><u>\$ 5,546,368</u></u>

Leases Receivable

The School District is reporting leases receivable of \$3,974 in the general fund at June 30, 2025. These amounts represent the discounted future lease payments. This discount is being amortized using the interest method. For fiscal year 2025, the School District recognized lease revenue of \$23,135 and interest revenue of \$865 in the general fund related to lease payments received. These lease revenue amounts exclude short term leases. A description of the School District's leasing arrangements is as follows:

Building Space Lease – The School District has entered into various lease agreements for building space with Tiny Tots Preschool for a three year term from September 2022 through August 2025. The School District is receiving monthly payments.

A summary of future lease amounts receivable is as follows:

Year	Principal	Interest	Total
2026	<u>\$ 3,974</u>	<u>\$ 26</u>	<u>\$ 4,000</u>
Total	<u><u>\$ 3,974</u></u>	<u><u>\$ 26</u></u>	<u><u>\$ 4,000</u></u>

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 7 - CAPITAL ASSETS

Capital asset activity for fiscal year 2025 is as follows:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 58,300	\$ -	\$ (4,500)	\$ 53,800
Total capital assets, not being depreciated/amortized	<u>58,300</u>	<u>-</u>	<u>(4,500)</u>	<u>53,800</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	668,569	106,157	(38,265)	736,461
Buildings and improvements	29,719,310	-	(16,960)	29,702,350
Furniture and equipment	1,403,681	267,740	(533,511)	1,137,910
Vehicles	903,559	45,328	-	948,887
Textbooks	953,225	85,956	(5,463)	1,033,718
Intangible right to use:				
Equipment	<u>108,203</u>	<u>76,413</u>	<u>(108,203)</u>	<u>76,413</u>
Total capital assets, being depreciated/amortized	<u>33,756,547</u>	<u>581,594</u>	<u>(702,402)</u>	<u>33,635,739</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(273,619)	(34,192)	22,939	(284,872)
Buildings and improvements	(21,971,563)	(766,390)	1,705	(22,736,248)
Furniture and equipment	(1,083,647)	(39,492)	437,599	(685,540)
Vehicles	(502,157)	(62,547)	-	(564,704)
Textbooks	(953,225)	(5,730)	5,463	(953,492)
Intangible right to use:				
Equipment	<u>(81,152)</u>	<u>(28,325)</u>	<u>108,203</u>	<u>(1,274)</u>
Total accumulated depreciation/amortization	<u>(24,865,363)</u>	<u>(936,676)</u>	<u>575,909</u>	<u>(25,226,130)</u>
Governmental activities capital assets, net	<u>\$ 8,949,484</u>	<u>\$ (355,082)</u>	<u>\$ (130,993)</u>	<u>\$ 8,463,409</u>

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

<u>Instruction:</u>	
Regular	\$ 806,361
<u>Support services:</u>	
Administration	1,001
Operations and maintenance	59,809
Pupil transportation	59,525
<u>Operation of non-instructional services:</u>	
Food service operations	1,172
Extracurricular activities	<u>8,808</u>
Total depreciation/amortization expense	<u>\$ 936,676</u>

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 8 - LONG-TERM OBLIGATIONS

- A. Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the School District has restated compensated absences as of June 30, 2024 which is reflected in the schedule below. During fiscal year 2025, the following activity occurred in the School District's governmental long-term obligations.

	Restated Balance 06/30/24	Increases	Decreases	Balance 06/30/25	Amount Due Within One Year
<u>Governmental Activities:</u>					
<u>General Obligation Bonds</u>					
2015 LTGO Energy Conservation Bonds					
Term Bonds	\$ 595,000	\$ -	\$ (75,000)	\$ 520,000	\$ 80,000
Premium	10,892	-	(1,766)	9,126	-
Total general obligation bonds	<u>605,892</u>	<u>-</u>	<u>(76,766)</u>	<u>529,126</u>	<u>80,000</u>
<u>Other Long-Term Obligations</u>					
Net Pension Liability	10,760,561	-	(2,018,803)	8,741,758	-
Net OPEB Liability	753,773	-	(309,889)	443,884	-
Leases	37,700	76,413	(38,824)	75,289	13,854
Special Termination Benefits	95,856	-	(47,928)	47,928	47,928
Compensated Absences*	<u>2,888,763</u>	<u>102,999</u>	<u>-</u>	<u>2,991,762</u>	<u>444,947</u>
Total Governmental Activities Long-Term Obligations	<u>\$ 15,142,545</u>	<u>\$ 179,412</u>	<u>\$ (2,492,210)</u>	<u>\$ 12,829,747</u>	<u>\$ 586,729</u>

*The change in compensated absences liability is presented as a net change.

Compensated Absences and Special Termination Benefits

Compensated absences and special termination benefits will be paid from the general fund.

Net Pension Liability

The School District's net pension liability is described in Note 13. The School District pays obligations related to employee compensation from the fund benefiting from their service.

Net OPEB Liability/Asset

The School District's net OPEB liability/asset is described in Note 14. The School District pays obligations related to employee compensation from the fund benefiting from their service.

B. Series 2015 General Obligation Energy Conservation Bonds

In fiscal year 2016, the School District issued \$1,145,000 in limited tax general obligation energy conservation bonds. The bonds were issued for the purpose of improving the School District's energy efficiency measures. The bonds were issued for a fifteen year period with a final maturity at December 1, 2030. The bonds bear an interest rate from 1.10% - 4.00% and will be retired from the debt service fund (a nonmajor governmental fund).

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the School District's future annual debt service requirements to maturity for the Series 2015 refunding bonds:

Fiscal Year Ending June 30	General Obligation Bonds		
	Term		
	Principal	Interest	Total
2026	\$80,000	\$18,175	\$98,175
2027	80,000	15,375	95,375
2028	85,000	12,488	97,488
2029	90,000	9,200	99,200
2030	90,000	5,600	95,600
2031	95,000	1,900	96,900
Total	<u>\$520,000</u>	<u>\$62,738</u>	<u>\$582,738</u>

C. Lease Payable

The School District has entered into a lease agreement for the right to use copier equipment. The School District will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease payments are paid from the general fund.

The School District has entered into a lease agreement for copier equipment at terms as follows:

Description	Lease Commencement	Years	Lease End	Payment Method
	Date		Date	
Copier Equipment	2025	5	2030	Monthly

The following is a schedule of future lease payments under the lease agreement:

Year	Principal	Interest	Total
2026	\$13,854	\$3,450	\$17,304
2027	14,563	2,741	17,304
2028	15,308	1,996	17,304
2029	16,091	1,213	17,304
2030	15,473	390	15,863
Total	<u>\$75,289</u>	<u>\$9,790</u>	<u>\$85,079</u>

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2025, are a voted debt margin of \$15,506,026 and an unvoted debt margin of \$178,067.

NOTE 9 - INTERFUND BALANCES

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2025 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General fund	Capital projects fund	\$ 1,500,000
General fund	Nonmajor governmental funds	<u>721,760</u>
		<u>\$ 2,221,760</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization and approval from the budget commission. The general fund transfer to the student activity special revenue fund and to the permanent improvement fund was to help provide funding for fiscal year 2025. The general fund transfer to the bond retirement debt service fund was to help cover current fiscal year debt service requirements. The transfer made from the general fund to the capital projects fund was to transfer future projects.

Transfers between governmental funds are eliminated on the statement of activities.

All transfers made in fiscal year 2025 were in accordance with Ohio Revised Code Sections 5705.14 through 5705.16.

NOTE 10 – PUBLIC ENTITY POOLS

A. Insurance Purchasing Pool

Ohio Schools Council Workers' Compensation Group Retrospective Rating Program The School District participates in the Ohio Schools Council Group Retrospective Rating Program, an insurance purchasing pool. Each district supports the Council by paying an annual participation fee. The program was created for the purpose of reducing the cost of workers' compensation premiums.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 10 – PUBLIC ENTITY POOLS - (Continued)

B. Shared Risk Pool

Trumbull County Schools Employee Insurance Benefits Consortium The School District participates in the Trumbull County Schools Employee Insurance Benefits Consortium. This is a shared risk pool comprised of nineteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among twenty-nine school districts and two educational service centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District paid \$42,779 to NEOMIN during fiscal year 2025.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent (or NEOMIN). The Newton Falls Exempted Village School District was not represented on the Governing Board during fiscal year 2025. The Board exercises total control over the operations of NEOMIN including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Trumbull County Career and Technical Center The Trumbull County Career and Technical Center is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The center is operated under the direction of a Board consisting of one representative from each of the nineteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. The Board exercises total control over the operations of the Trumbull County Career and Technical Center including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain financial information write to the Trumbull County Career and Technical Center, Cody Holecko, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

THIS SPACE INTENTIONALLY LEFT BLANK

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2025, the School District contracted for the following insurance coverage:

Company	Type of Coverage	Coverage Amount
Moore Risk Solutions	Building and Contents	\$ 81,704,653
	General Liability	
	Bodily Injury and Property Damage	6,000,000
	Personal Injury/Advertising Liability	6,000,000
	Products/Completed Operations	6,000,000
	Employers Stop Gap Liability	
	Bodily Injury by Accident, each accident	6,000,000
	Bodily Injury by Disease, Limit	6,000,000
	Bodily Injury by Disease, each employee	6,000,000
	Aggregate Limit	8,000,000
	General Annual Aggregate Limit	8,000,000
	Fire Legal Liability	500,000
	Medical Payments - Occurrence/Aggregate	5,000/25,000
	Educators' Legal Liability	
	Wrongful Acts, per occurrence	6,000,000
	Wrongful Acts, in aggregate with \$2,500 deductible	8,000,000
	Employee Benefits Liability	6,000,000/8,000,000
	Automobile Liability	
	Bodily Injury and Property Damage, per occurrence	6,000,000
	Medical Payments - Occurrence/Aggregate	10,000/N/A
	Uninsured/Underinsured Motorist, per person	1,000,000
	Uninsured/Underinsured Motorist, per occurrence	1,000,000
CFC	Cyber Incident Response:	
	Incident Response Costs	1,000,000
	Legal and Regulatory Costs	1,000,000
	IT Security and Forensic Costs	1,000,000
	Crisis Communication Costs	1,000,000
	Privacy Breach Management Costs	1,000,000
	Third Party Privacy Breach Management Costs	1,000,000
	Post Breach Remediation Costs	50,000
	Cyber Crime:	
	Electronic Theft of Your Financial Assets	250,000
	Electronic Theft of Third Party Funds Held in Escrow	250,000
	Electronic Theft of Personal Financial Assets	250,000
	Extortion	1,000,000
	Authorized Push Payment Fraud	250,000
	Telephone Hacking	250,000
	Unauthorized Use of Computer Resources	250,000
	System Damage and Business Interruption:	
	System Damage and Rectification Costs	1,000,000
	Income Loss and Extra Expenses	1,000,000
	Dependent Business Interruption	1,000,000
	Claim Preparation Costs	25,000
	Network Security and Privacy Liability:	
	Network Security Liability	1,000,000
	Privacy Liability	1,000,000
	Management Liability	1,000,000
	Regulatory Investigation Costs	1,000,000
	Merchant Services Liability	1,000,000
	Defamation	1,000,000
	Intellectual Property Rights Infringement	1,000,000

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 12 - RISK MANAGEMENT – (Continued)

The School District has contracted with the Trumbull County Schools Employee Insurance Benefit Consortium to provide employee medical/surgical, dental, and prescription drug benefits. The Trumbull County Schools Employee Insurance Benefit Consortium is a shared risk pool comprised of nineteen Trumbull County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District offers two medical/prescription drug plans to employees. The Board pays premiums of \$2,299 for family coverage, \$1,395 for employee and child coverage, \$1,724 for employee and spouse coverage, and \$823 for single coverage per employee per month. If the School District were to withdraw from the consortium, there would be no liability because premium levels fund a reserve for subsequent claim payments. The School District provides dental coverage through Delta Dental which is paid through the Trumbull County School Employee Insurance Benefit Consortium. The School District also provides vision insurance through Medical Mutual.

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District did not make significant reductions in coverage from last year.

B. Worker's Compensation

For fiscal year 2025, the School District participated in the Ohio Schools Council Workers' Compensation Group Retrospective Rating Program, an insurance purchasing pool (Note 10). The intent of the program 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 program. The participating school districts pay experience or rate based premiums to the Bureau of Workers' Compensation (BWC). The total premium for the entire group is the standard premium of the group. The BWC recalculates the group retrospective premium 12 months after the end of the policy year, based on developed incurred claim losses. If the new calculated premium is lower than the standard premium, the BWC will distribute a refund to the school districts in the group. Participation in the program is limited to school districts that can meet the Ohio Schools Council's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services for the program.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) 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 adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The 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 remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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 pension and postemployment benefits payable on both the accrual and modified accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024. In 2024, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2025.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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 14.00%. 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 \$247,766 for fiscal year 2025. Of this amount, \$68,544 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website 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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent 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, a one-time 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 one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019 Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 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 Aug. 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 of their member contributions and 11.09% of the 14% 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% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 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.

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 fiscal year 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$751,136 for fiscal year 2025. Of this amount, \$116,479 is reported as pension and postemployment benefits payable.

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

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

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.044463700%	0.038559260%	
Proportion of the net pension liability current measurement date	<u>0.042781900%</u>	<u>0.034057480%</u>	
Change in proportionate share	<u>-0.001681800%</u>	<u>-0.004501780%</u>	
Proportionate share of the net pension liability	\$ 2,188,549	\$ 6,553,209	\$ 8,741,758
Pension expense	\$ 225,743	\$ 181,646	\$ 407,389

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 83,558	\$ 412,681	\$ 496,239
Changes of assumptions	19,579	302,008	321,587
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	141,093	141,093
Contributions subsequent to the measurement date	<u>247,766</u>	<u>751,136</u>	<u>998,902</u>
Total deferred outflows of resources	<u>\$ 350,903</u>	<u>\$ 1,606,918</u>	<u>\$ 1,957,821</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 3,587	\$ 3,587
Net difference between projected and actual earnings on pension plan investments	136,893	563,438	700,331
Changes of assumptions	-	227,326	227,326
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>113,068</u>	<u>1,051,691</u>	<u>1,164,759</u>
Total deferred inflows of resources	<u>\$ 249,961</u>	<u>\$ 1,846,042</u>	<u>\$ 2,096,003</u>

\$998,902 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (159,082)	\$ (523,093)	\$ (682,175)
2027	91,756	310,626	402,382
2028	(39,246)	(457,195)	(496,441)
2029	<u>(40,252)</u>	<u>(320,598)</u>	<u>(360,850)</u>
Total	<u>\$ (146,824)</u>	<u>\$ (990,260)</u>	<u>\$ (1,137,084)</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 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. 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 and June 30, 2023, are presented below:

	June 30, 2024	June 30, 2023
Wage inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or ad hoc COLA	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement
Investment rate of return	7.00% net of system expenses	7.00% net of system expenses
Discount rate	7.00%	7.00%
Actuarial cost method	Entry age normal	Entry age normal

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

In 2024, mortality rates were based on the following:

Service Retirement: 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% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Disabled Retirement: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Contingent Survivor: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (geometric)</u>
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>	

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - Total pension liability for 2024 was calculated using the discount rate of 7.00%. 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 of fiscal year 2024 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. 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%.

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 proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what each the 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%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 3,348,178	\$ 2,188,549	\$ 1,212,205

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% 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% 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 the rates described previously. 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% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the proportionate share of the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the 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%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 10,571,475	\$ 6,553,209	\$ 3,154,447

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2024 valuation.

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 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. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$32,163.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$32,163 for fiscal year 2025. Of this amount, \$32,163 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% 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 Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2024, and the total OPEB liability/asset 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.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 prior measurement date	0.045754100%	0.038559260%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.043582300%</u>	<u>0.034057480%</u>	
Change in proportionate share	<u>-0.002171800%</u>	<u>-0.004501780%</u>	
Proportionate share of the net			
OPEB liability	\$ 443,884	\$ -	\$ 443,884
Proportionate share of the net			
OPEB asset	\$ -	\$ (646,005)	\$ (646,005)
OPEB expense	\$ (69,560)	\$ (159,874)	\$ (229,434)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and			
actual experience	\$ -	\$ 28,083	\$ 28,083
Net difference between projected and			
actual earnings on OPEB plan investments	2,169	-	2,169
Changes of assumptions	190,513	79,516	270,029
Difference between employer contributions			
and proportionate share of contributions/			
change in proportionate share	89,353	35,653	125,006
Contributions subsequent to the			
measurement date	<u>32,163</u>	<u>-</u>	<u>32,163</u>
Total deferred outflows of resources	<u>\$ 314,198</u>	<u>\$ 143,252</u>	<u>\$ 457,450</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and			
actual experience	\$ 478,619	\$ 69,618	\$ 548,237
Net difference between projected and			
actual earnings on OPEB plan investments	-	27,738	27,738
Changes of assumptions	203,904	291,346	495,250
Difference between employer contributions			
and proportionate share of contributions/			
change in proportionate share	<u>137,266</u>	<u>3,521</u>	<u>140,787</u>
Total deferred inflows of resources	<u>\$ 819,789</u>	<u>\$ 392,223</u>	<u>\$ 1,212,012</u>

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$32,163 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/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	\$ (131,908)	\$ (96,083)	\$ (227,991)
2027	(85,042)	(38,479)	(123,521)
2028	(63,638)	(50,404)	(114,042)
2029	(59,736)	(46,702)	(106,438)
2030	(59,087)	(36,839)	(95,926)
Thereafter	(138,343)	19,536	(118,807)
Total	<u>\$ (537,754)</u>	<u>\$ (248,971)</u>	<u>\$ (786,725)</u>

Actuarial Assumptions - SERS

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

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

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

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024 and June 30, 2023 are presented below:

	June 30, 2024	June 30, 2023
Wage inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Municipal bond index rate	3.93%	3.86%
Single equivalent interest rate, net of plan investment expense, including price inflation	4.88%	4.27%
Medical trend assumption	7.00 to 4.40%	6.75 to 4.40%

In 2024, the following mortality assumptions were used:

Healthy Retirees - 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% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

In the prior measurement date, the following mortality assumptions were used:

Healthy Retirees - 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% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - 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.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate on plan assets of return on plan assets is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering 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%, 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as June 30, 2024 are summarized as follows:

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%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. 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% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is 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 3.96% at June 30, 2023 and 3.86% at June 30, 2022.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (4.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the 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 (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 591,903	\$ 443,884	\$ 326,262

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 300,049	\$ 443,884	\$ 632,943

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	7.50%	4.14%
Medicare	-112.22%	3.94%	-10.94%	4.14%
Prescription Drug				
Pre-Medicare	8.00%	3.94%	-11.95%	4.14%
Medicare	-15.14%	3.94%	1.33%	4.14%

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

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2024 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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

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

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% 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% 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 those 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 fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ (525,245)	\$ (646,005)	\$ (751,093)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ (758,192)	\$ (646,005)	\$ (511,087)

NOTE 15 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service and hours worked. Teachers and most administrators do not earn vacation. The Superintendent earns 25 days of vacation annually and may be paid up to 5 days of unused vacation at the end of each year. The Treasurer earns 20 days of vacation annually and maybe paid up to 5 days of unused vacation at the end of each year. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Teachers, administrators and classified employees who reach 200 days of accumulated sick leave, may store up to 10 days of personal leave as an addition to their sick leave severance. Upon retirement and having been employed by the School District for at least ten years, all employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum of 55 days for classified employees and 55 days for certificated employees.

B. Life Insurance Benefits

The School District provides life insurance to most employees through VOYA Financial, Inc., in the amount of \$50,000 for all employees who work more than twenty-five hours per week. Premiums are paid for by the Board of Education. The Superintendent receives a \$100,000 policy paid for by the Board of Education.

C. Special Termination Benefits

During fiscal year 2023, the School District negotiated an early retirement incentive to include severance with four employees. The School District will be making payments directly to the employee on an annual basis as negotiated. The total incentive benefit is \$95,000 and is to be paid out in 3 installments annually on or before September 30, 2023, 2024 and 2025. The liability for these special termination benefits was \$47,928 as of June 30, 2025.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2025 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the School District.

NOTE 17 - 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 Improvements</u>
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	207,239
Current year qualifying expenditures	(330,357)
Current year offsets	<u>(23,496)</u>
Total	<u>\$ (146,614)</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<u>\$ -</u>

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 18 - ENCUMBRANCES

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 year end, the School District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 171,640
Other governmental	<u>33,842</u>
Total	<u>\$ 205,482</u>

NOTE 19 – SUBSEQUENT EVENT

During November of 2025, the School District passed an emergency renewal levy at 3.3 mills, which will be in effect for 10 years, commencing in calendar year 2026 with collections beginning in calendar year 2027. This levy provides the School District with approximately \$585,011 annually.

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE IS INTENTIONALLY LEFT BLANK

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 11,807,703	\$ 11,807,703	\$ 12,658,946	\$ 851,243
Budgetary expenditures and other financing uses	11,624,516	13,457,281	13,332,744	(124,537)
Net change in fund balance	183,187	(1,649,578)	(673,798)	975,780
Budgetary fund balance at beginning of year (restated)	2,966,204	2,966,204	2,966,204	-
Prior year encumbrances appropriated	124,516	124,516	124,516	-
Budgetary fund balance at end of year	<u>\$ 3,273,907</u>	<u>\$ 1,441,142</u>	<u>\$ 2,416,922</u>	<u>\$ 975,780</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

Fiscal Year (1)	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
2025	0.04278190%	\$ 2,188,549	\$ 1,821,779	120.13%	78.52%
2024	0.04446370%	2,456,849	1,721,243	142.74%	76.06%
2023	0.04635440%	2,507,207	1,752,071	143.10%	75.82%
2022	0.04206820%	1,552,194	1,529,157	101.51%	82.86%
2021	0.03939840%	2,605,892	1,394,750	186.84%	68.55%
2020	0.04171320%	2,495,773	1,438,941	173.45%	70.85%
2019	0.04398440%	2,519,068	1,463,496	172.13%	71.36%
2018	0.04537940%	2,711,319	1,450,550	186.92%	69.50%
2017	0.04881070%	3,572,493	1,515,507	235.73%	62.98%
2016	0.05184320%	2,958,224	1,556,009	190.12%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 247,766	\$ (247,766)	\$ -	\$ 1,769,757	14.00%
2024	255,049	(255,049)	-	1,821,779	14.00%
2023	240,974	(240,974)	-	1,721,243	14.00%
2022	245,290	(245,290)	-	1,752,071	14.00%
2021	214,082	(214,082)	-	1,529,157	14.00%
2020	195,265	(195,265)	-	1,394,750	14.00%
2019	194,257	(194,257)	-	1,438,941	13.50%
2018	197,572	(197,572)	-	1,463,496	13.50%
2017	203,077	(203,077)	-	1,450,550	14.00%
2016	212,171	(212,171)	-	1,515,507	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

Fiscal Year (1)	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
2025	0.03405748%	\$ 6,553,209	\$ 4,740,843	138.23%	82.55%
2024	0.03855926%	8,303,712	5,213,064	159.29%	80.02%
2023	0.04075675%	9,060,278	5,394,007	167.97%	78.88%
2022	0.03952705%	5,053,889	4,839,079	104.44%	87.78%
2021	0.03735165%	9,037,771	4,573,371	197.62%	75.48%
2020	0.03835252%	8,481,429	4,486,414	189.05%	77.40%
2019	0.04081729%	8,974,806	4,617,050	194.38%	77.31%
2018	0.04448223%	10,566,849	4,732,121	223.30%	75.30%
2017	0.04470326%	14,963,529	4,759,871	314.37%	66.80%
2016	0.04572868%	12,638,070	4,863,521	259.85%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 751,136	\$ (751,136)	\$ -	\$ 5,365,257	14.00%
2024	663,718	(663,718)	-	4,740,843	14.00%
2023	729,829	(729,829)	-	5,213,064	14.00%
2022	755,161	(755,161)	-	5,394,007	14.00%
2021	677,471	(677,471)	-	4,839,079	14.00%
2020	640,272	(640,272)	-	4,573,371	14.00%
2019	628,098	(628,098)	-	4,486,414	14.00%
2018	646,387	(646,387)	-	4,617,050	14.00%
2017	662,497	(662,497)	-	4,732,121	14.00%
2016	666,382	(666,382)	-	4,759,871	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.04358230%	\$ 443,884	\$ 1,821,779	24.37%	44.50%
2024	0.04575410%	753,773	1,721,243	43.79%	30.02%
2023	0.04732080%	664,390	1,752,071	37.92%	30.34%
2022	0.04375660%	828,129	1,529,157	54.16%	24.08%
2021	0.04075050%	885,642	1,394,750	63.50%	18.17%
2020	0.04253300%	1,069,614	1,438,941	74.33%	15.57%
2019	0.04444370%	1,232,988	1,463,496	84.25%	13.57%
2018	0.04596370%	1,233,545	1,450,550	85.04%	12.46%
2017	0.04953430%	1,411,911	1,515,507	93.16%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 32,163	\$ (32,163)	\$ -	\$ 1,769,757	1.82%
2024	31,261	(31,261)	-	1,821,779	1.72%
2023	33,451	(33,451)	-	1,721,243	1.94%
2022	30,509	(30,509)	-	1,752,071	1.74%
2021	29,859	(29,859)	-	1,529,157	1.95%
2020	25,549	(25,549)	-	1,394,750	1.83%
2019	32,149	(32,149)	-	1,438,941	2.23%
2018	30,535	(30,535)	-	1,463,496	2.09%
2017	24,654	(24,654)	-	1,450,550	1.70%
2016	25,355	(25,355)	-	1,515,507	1.67%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	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/(Asset)
2025	0.03405748%	\$ (646,005)	\$ 4,740,843	13.63%	158.01%
2024	0.03855926%	(749,924)	5,213,064	14.39%	168.52%
2023	0.04075675%	(1,055,328)	5,394,007	19.56%	230.73%
2022	0.03952705%	(833,396)	4,839,079	17.22%	174.73%
2021	0.03735165%	(656,454)	4,573,371	14.35%	182.10%
2020	0.03835250%	(635,210)	4,486,414	14.16%	174.74%
2019	0.04081729%	(655,892)	4,617,050	14.21%	176.00%
2018	0.04448223%	1,735,532	4,732,121	36.68%	47.10%
2017	0.04470326%	2,390,742	4,759,871	50.23%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 5,365,257	0.00%
2024	-	-	-	4,740,843	0.00%
2023	-	-	-	5,213,064	0.00%
2022	-	-	-	5,394,007	0.00%
2021	-	-	-	4,839,079	0.00%
2020	-	-	-	4,573,371	0.00%
2019	-	-	-	4,486,414	0.00%
2018	-	-	-	4,617,050	0.00%
2017	-	-	-	4,732,121	0.00%
2016	-	-	-	4,759,871	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The schedule of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (673,798)
Net adjustment for revenue and other financing sources accruals	(362,809)
Net adjustment for expenditure and other financing uses accruals	118,710
Funds budgeted elsewhere	61,784
Adjustments for encumbrances	<u>156,532</u>
GAAP Basis	<u>\$ (699,581)</u>

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 public school support fund, the emergency levy fund, the rotary fund, the district custodial fund and the termination benefits fund.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50% - 5.00% to a range of 5.375% - 4.75% and Pre-Medicare were changed from a range of 7.50% - 5.00% to a range of 7.25% - 4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375% - 4.75% to a range of 5.25% - 4.75% and Pre-Medicare were changed from a range of 7.25% - 4.75% to a range of 7.00% - 4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate when from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the non-Medicare subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)," (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)" and (b) decrease in health care cost trend rates from 6.00% - 11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate; and prescription drug Medicare from (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to - 6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from - 6.69% initial - 4.00% ultimate down to - 16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 16.18% initial - 4.00% ultimate to - 68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to - 5.47% initial - 3.94% ultimate.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from - 68.78% initial - 3.94% ultimate to - 10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to - 11.95% initial - 4.14% ultimate; and prescription drug Medicare from - 5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.
- For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 10.94% initial - 4.14% ultimate to - 112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from - 11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to - 15.14% initial - 3.94% ultimate.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal ALN Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
National School Lunch Program - Non-Cash Assistance (Food Donation)	10.555		\$ -	\$ 26,838
Cash Assistance:				
School Breakfast Program	10.553		-	144,946
National School Lunch Program	10.555		-	294,867
Total Child Nutrition Cluster			-	466,651
Total U.S. Department of Agriculture			-	466,651
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010A		-	463,574
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027A		-	255,141
Special Education Preschool Grants	84.173		-	3,674
Total Special Education Cluster			-	258,815
Supporting Effective Instruction State Grants	84.367A		-	54,075
Rural Education	84.358		-	17,495
Student Support and Academic Enrichment Program	84.424A		-	27,091
Education Stabilization Fund:				
American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		-	61,427
ARP Homeless Targeted Support Grant	84.425W		-	2,380
Total Education Stabilization Fund			-	63,807
Total U.S. Department of Education			-	884,857
U.S. DEPARTMENT OF TREASURY				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	223,596
Total U.S. Department of Treasury			-	223,596
Total Expenditures of Federal Awards			\$ -	\$1,575,104

The accompanying notes are an integral part of this schedule.

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL 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 Newton Falls 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 or changes in net position 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 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 fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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

Newton Falls Exempted Village School District
Trumbull County
909 ½ Milton Blvd
Newton Falls, OH 44444

To the Board of Education:

We have audited, in accordance with 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 the Newton Falls Exempted Village School District, Trumbull 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 January 27, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 101, *Compensated Absences*.

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 purposes 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

BHM CPA Group

BHM CPA Group Inc.
Portsmouth, Ohio
January 27, 2026



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

Newton Falls Exempted Village School District
Trumbull County
909 ½ Milton Blvd
Newton Falls, OH 44444

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc.
Portsmouth, Ohio
January 27, 2026

Newton Falls Exempted Village School District
Trumbull County
Schedule of Findings
2 CFR § 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus State and Local Fiscal Recovery Funds: ALN #21.027 Title I Grants to Local Educational Agencies : ALN #84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

Newton Falls Exempted Village School District
Trumbull County
Schedule of Findings
2 CFR § 200.515
June 30, 2025

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/21/2026

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