



OHIO AUDITOR OF STATE
KEITH FABER



**MARIETTA CITY SCHOOL DISTRICT
WASHINGTON COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) General Fund.....	19
Statement of Fund Net Position	
Self-Insurance Internal Service Fund	20
Statement of Revenues, Expenses and Changes in Fund Net Position Self-Insurance Internal Service Fund	21
Statement of Cash Flows	
Self-Insurance Internal Service Fund	22
Notes to the Basic Financial Statements.....	23
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio	65
Schedule of the School District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio	67
Schedule of the School District's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio	69

MARIETTA CITY SCHOOL DISTRICT
WASHINGTON COUNTY
JUNE 30, 2021

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Prepared by Management (Continued):	
Required Supplementary Information (Continued):	
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) State Teachers Retirement System of Ohio.....	70
Schedule of the School District's Contributions School Employees Retirement System of Ohio	71
Schedule of the School District's Contributions State Teachers Retirement System of Ohio.....	73
Notes to Required Supplementary Information	75
Schedule of Expenditures of Federal Awards	79
Notes to the Schedule of Expenditures of Federal Awards.....	80
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	81
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	83
Schedule of Findings.....	85

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Marietta City School District
Washington County
111 Academy Drive
Marietta, Ohio 45750

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marietta City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and Schedules of Net Pension and Other Post-Employment Benefit Assets/Liabilities and Pension and Other Post-employment Benefit Contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis 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 and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 21, 2022

This page intentionally left blank.

Marietta City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The discussion and analysis of the Marietta City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2021 are as follows:

- Total net position of the School District decreased \$1,165,769. Restricted net position decreased \$262,504. Unrestricted net position increased \$1,574,576.
- General revenues accounted for \$24,828,503 in revenue or 74% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants, contributions, and interest accounted for \$8,757,496 or 26% of total revenues of \$33,585,999.
- The School District had \$32,420,230 in expenses related to governmental activities; only \$8,757,496 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues of \$24,828,503 were adequate to provide for these programs.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Marietta City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and Permanent Improvement Capital Projects Fund.

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

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020.

Marietta City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
 Unaudited

Table 1 - Net Position

	2021	Restated 2020	Change
Assets			
Current and Other Assets	\$30,850,785	\$28,036,876	\$2,813,909
Net OPEB Asset	1,710,152	1,605,967	104,185
Capital Assets, Net	9,597,377	9,657,519	(60,142)
<i>Total Assets</i>	<u>42,158,314</u>	<u>39,300,362</u>	<u>2,857,952</u>
Deferred Outflows of Resources			
Pension	5,170,400	5,305,249	(134,849)
OPEB	887,532	682,093	205,439
Asset Retirement Obligation	14,400	15,200	(800)
<i>Total Deferred Outflows of Resources</i>	<u>6,072,332</u>	<u>6,002,542</u>	<u>69,790</u>
Liabilities			
Current and Other Liabilities	4,176,552	3,929,561	246,991
Long-term Liabilities:			
Due within One Year	292,847	241,039	51,808
Due in More Than One Year:			
Net Pension Liability	30,953,476	28,368,793	2,584,683
Net OPEB Liability	2,519,873	2,982,906	(463,033)
Other Amounts	2,316,339	2,284,315	32,024
<i>Total Liabilities</i>	<u>40,259,087</u>	<u>37,806,614</u>	<u>2,452,473</u>
Deferred Inflows of Resources			
Property Taxes	16,159,650	15,984,072	175,578
Pension	678,575	2,090,983	(1,412,408)
OPEB	3,698,759	3,163,904	534,855
Leases	13,189	1,714	11,475
<i>Total Deferred Inflows of Resources</i>	<u>20,550,173</u>	<u>21,240,673</u>	<u>(690,500)</u>
Net Position			
Net Investment in Capital Assets	9,414,216	9,560,519	(146,303)
Restricted	3,125,761	3,388,265	(262,504)
Unrestricted (Deficits)	(25,118,591)	(26,693,167)	1,574,576
<i>Total Net Position</i>	<u>(\$12,578,614)</u>	<u>(\$13,744,383)</u>	<u>\$1,165,769</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. 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.

Marietta City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There are no repayment schedules for the net pension or the net OPEB liabilities. 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.

Total assets of governmental activities increased \$2,857,952. Current assets increased \$2,813,909. Prepaids increased \$142,082 due mainly for the prepayment of capital assets prior to their possession. Intergovernmental receivable and property taxes receivable also increased \$64,862 and \$170,239, respectively. These increases were offset by a decrease in accounts receivable of \$9,495 and \$12,130 in materials and supplies inventory. Other changes in total assets are presented in Table 1.

Total liabilities increased \$2,452,473. Current and other liabilities increased \$246,991. Current liabilities changes due to increases in accounts, contracts, and retainage payables of \$128,357, \$165,920 and \$17,871, respectively. Also, intergovernmental payables and matured compensated absences increased \$111,242 and \$94,516. Offsetting those increases include a decrease in accrued wages of \$171,326. Long-term liabilities increased \$2,205,482, with a decrease in net OPEB liability of \$463,033 and an increase in net pension liability of \$2,584,683.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2021, and comparisons to fiscal year 2020.

Marietta City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2
Changes in Net Position

	2021	2020	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,224,644	\$1,407,075	(\$182,431)
Operating Grants, Contributions, and Interest	7,532,852	4,961,312	2,571,540
Total Program Revenues	<u>8,757,496</u>	<u>6,368,387</u>	<u>2,389,109</u>
General Revenues:			
Property Taxes	14,643,437	14,360,124	283,313
Grants and Entitlements	9,727,421	9,247,406	480,015
Investment Earnings	18,430	117,410	(98,980)
Gifts and Donations	1,045	11,433	(10,388)
Miscellaneous	438,170	179,660	258,510
Total General Revenues	<u>24,828,503</u>	<u>23,916,033</u>	<u>912,470</u>
Total Revenues	<u>33,585,999</u>	<u>30,284,420</u>	<u>3,301,579</u>
Program Expenses			
Instruction:			
Regular	13,754,085	13,010,575	743,510
Special	4,897,211	5,132,316	(235,105)
Vocational	85,616	77,941	7,675
Student Intervention	182,860	129,586	53,274
Support Services:			
Pupils	1,380,634	1,319,721	60,913
Instructional Staff	1,785,671	1,943,824	(158,153)
Board of Education	113,592	79,244	34,348
Administration	2,316,537	2,529,954	(213,417)
Fiscal	1,268,714	684,206	584,508
Business	201,841	234,933	(33,092)
Operation and Maintenance of Plant	2,820,272	2,503,129	317,143
Pupil Transportation	1,211,845	1,407,106	(195,261)
Central	327,833	333,599	(5,766)
Operation of Non-Instructional Services:			
Food Service Operations	1,012,929	1,130,791	(117,862)
Community Services	196,320	168,922	27,398
Extracurricular Activities	842,293	964,955	(122,662)
Interest	21,977	8,704	13,273
Total Expenses	<u>32,420,230</u>	<u>31,659,506</u>	<u>760,724</u>
Change in Net Position	1,165,769	(1,375,086)	2,540,855
Net Position Beginning of Year	<u>(13,744,383)</u>	<u>(12,369,297)</u>	<u>(1,375,086)</u>
Net Position End of Year	<u>(\$12,578,614)</u>	<u>(\$13,744,383)</u>	<u>\$1,165,769</u>

Total revenues increased \$3,301,579. Total program revenues increased \$2,389,109 from fiscal year 2020 to fiscal year 2021 primarily in the area of operating grants, contributions and interest in the amount of \$2,571,540. General revenues increased \$912,470 primarily due to an increase in grants and entitlements of \$480,015.

Marietta City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
 Unaudited

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. Inflation alone will not increase the amount of funds generated by a tax levy. The mills collected decreases as the property valuation increases, thus generating about the same revenue unless new construction or growth are a factor. Property taxes made up approximately 59% of general revenues for governmental activities for the School District in fiscal year 2021.

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

Table 3
 Cost of Services
 Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program Expenses				
Instruction:				
Regular	\$13,754,085	\$11,728,340	\$13,010,575	\$11,920,415
Special	4,897,211	2,107,197	5,132,316	2,435,939
Vocational	85,616	(846)	77,941	(7,281)
Student Intervention	182,860	82,598	129,586	128,238
Support Services:				
Pupils	1,380,634	850,236	1,319,721	1,057,356
Instructional Staff	1,785,671	1,274,321	1,943,824	1,483,951
Board of Education	113,592	113,592	79,244	79,244
Administration	2,316,537	1,440,533	2,529,954	2,365,999
Fiscal	1,268,714	1,268,714	684,206	654,616
Business	201,841	196,630	234,933	233,300
Operation and Maintenance of Plant	2,820,272	2,567,682	2,503,129	2,461,225
Pupil Transportation	1,211,845	1,047,534	1,407,106	1,322,143
Central	327,833	317,793	333,599	321,983
Operation of Non-Instructional Services:				
Food Service Operations	1,012,929	(1,314)	1,130,791	93,834
Community Services	196,320	19,915	168,922	(4,173)
Extracurricular Activities	842,293	627,832	964,955	735,626
Interest and Fiscal Charges	21,977	21,977	8,704	8,704
Total	<u>\$32,420,230</u>	<u>\$23,662,734</u>	<u>\$31,659,506</u>	<u>\$25,291,119</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 73% of program expenses are supported through taxes, unrestricted grants and entitlements, and other general revenues.

Marietta City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
 Unaudited

The School District Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$33,620,410 and expenditures of \$31,982,246. The School District continued to focus its efforts to monitor expenditures, with modest increases in supply and purchased services budgets, as well as maintaining current personnel staffing levels. The General Fund had an increase in its fund balance of \$2,277,881, which includes making a \$435,000 transfer to the Permanent Improvement Fund. The Permanent Improvement Capital Projects Fund decreased its fund balance \$75,721.

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 2021, the School District did not amend its General Fund estimated revenues. The School District amended its appropriations. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, cash basis revenue was \$25,110,928. Original estimated revenues remained the same throughout the year. The final revenues were \$824,428 above final budget basis revenue of \$24,286,500. Original appropriations were reduced \$630,228 mainly in the regular instruction category. Actual expenditures were \$4,260,662 under final appropriations of \$27,069,773. The General Fund ending fund balance was \$6,636,966.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$9,414,216 invested in capital assets, net of debt. See Note 11 for more detailed information. Table 4 shows fiscal year 2021 balances compared to 2020.

	Governmental Activities	
	2021	2020
Land	\$1,755,605	\$1,755,605
Construction in Progress	200,036	0
Intangible Right to Use Lease	0	38,500
Land Improvements	99,230	105,920
Buildings and Improvements	5,746,425	5,828,166
Furniture and Equipment	722,148	821,933
Vehicles	1,073,933	1,107,395
Totals	\$9,597,377	\$9,657,519

Marietta City School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Debt

During fiscal year 2021, the School District had the following changes in long-term obligations:

	<u>2021</u>	<u>2020</u>
2006 Energy Conservation Loan - 4.75%	\$0	\$97,000
Lease Payable	0	39,500
Financed Purchase	369,670	0
Asset Retirement Obligation	40,000	40,000
Totals	<u>\$409,670</u>	<u>\$176,500</u>

See Note 17 to the basic financial statements for more information on debt.

Current Issues

The Marietta City School District is considered a mid-wealth district. The District is financially stable and with the addition of ESSER funds in the spring of 2020 and 2021, will give the District some flexibility in fiscal years 2021, 2022, and 2023. A new funding formula is in place for fiscal years 2022 and 2023 and will provide some additional funding for the District. The new funding formula will be in place by January 2022.

The School District is dedicated in providing a professional teaching staff and support staff for all students along with healthy and sound environment. The District is also dedicated in providing a competitive salary and benefit package for employees to provide students the greatest chance to be learners for life. A new facilities plan was placed in front of voters in November 2020 and was defeated. Since then, the District is using ESSER funds and permanent improvement levy funds to make necessary upgrades to existing buildings.

Consolidation occurred in the summer of 2021 and the District is now composed of two (K-2) buildings at Phillips and Washington, one (3-6) building now called Marietta Elementary School, and one (7-12) building Marietta High School. Enrollment is also a challenge for the District as parents and students have more choices for education than in the past. Enrollment has steadily declined over the past few years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Frank Antill, Treasurer at Marietta City School District, 111 Academy Drive, Marietta, Ohio 45750-8053.

Marietta City School District, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,977,330
Accounts Receivable	17,599
Intergovernmental Receivable	473,394
Prepaid Items	173,723
Materials and Supplies Inventory	113,400
Inventory Held for Resale	8,019
Lease Receivable	13,189
Property Taxes Receivable	17,074,131
Net OPEB Asset	1,710,152
Nondepreciable Capital Assets	1,955,641
Depreciable Capital Assets, Net	7,641,736
<i>Total Assets</i>	<i>42,158,314</i>
Deferred Outflows of Resources	
Pension	5,170,400
OPEB	887,532
Asset Retirement Obligation	14,400
<i>Total Deferred Outflows of Resources</i>	<i>6,072,332</i>
Liabilities	
Accounts Payable	318,395
Accrued Wages and Benefits Payable	2,454,818
Contracts Payable	165,290
Retainage Payable	17,871
Intergovernmental Payable	603,408
Accrued Interest Payable	9,156
Matured Compensated Absences Payable	143,106
Claims Payable	464,508
Long-Term Liabilities:	
Due Within One Year	292,847
Due In More Than One Year:	
Net Pension Liability	30,953,476
Net OPEB Liability	2,519,873
Other Amounts Due in More Than One Year	2,316,339
<i>Total Liabilities</i>	<i>40,259,087</i>
Deferred Inflows of Resources	
Property Taxes	16,159,650
Pension	678,575
OPEB	3,698,759
Leases	13,189
<i>Total Deferred Inflows of Resources</i>	<i>20,550,173</i>
Net Position	
Net Investment in Capital Assets	9,414,216
Restricted for:	
Capital Projects	2,061,446
Food Service	772,103
Student Activities	280,758
Local Programs	4,091
Unclaimed Monies	3,011
Debt Service	4,352
Unrestricted (Deficit)	(25,118,591)
<i>Total Net Position</i>	<i>(\$12,578,614)</i>

See accompanying notes to the basic financial statements

Marietta City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues		Net (Expense)
	Expenses	Charges for Services and Sales	Revenue and Changes in Net Position
Governmental Activities			
Instruction:			
Regular	\$13,754,085	\$831,174	\$1,194,571
Special	4,897,211	103,099	2,686,915
Vocational	85,616	0	86,462
Student Intervention	182,860	0	100,262
Support Services:			
Pupils	1,380,634	0	530,398
Instructional Staff	1,785,671	901	510,449
Board of Education	113,592	0	0
Administration	2,316,537	19,286	856,718
Fiscal	1,268,714	0	0
Business	201,841	5,211	0
Operation and Maintenance of Plant	2,820,272	0	252,590
Pupil Transportation	1,211,845	19,240	145,071
Central	327,833	0	10,040
Operation of Non-Instructional Services:			
Food Service Operations	1,012,929	33,806	980,437
Community Services	196,320	1,243	175,162
Extracurricular Activities	842,293	210,684	3,777
Interest and Fiscal Charges	21,977	0	0
<i>Total Governmental Activities</i>	<u>\$32,420,230</u>	<u>\$1,224,644</u>	<u>\$7,532,852</u>
General Revenues			
Property Taxes Levied for:			
General Purposes			13,391,063
Debt Service			102,108
Capital Improvements			1,150,266
Grants and Entitlements not Restricted to Specific Programs			9,727,421
Gifts and Donations not Restricted to Specific Programs			1,045
Investment Earnings			18,430
Miscellaneous			438,170
<i>Total General Revenues</i>			<u>24,828,503</u>
<i>Change in Net Position</i>			1,165,769
<i>Net Position (Deficit) Beginning of Year - Restated See Note 3</i>			<u>(13,744,383)</u>
<i>Net Position (Deficit) End of Year</i>			<u>(\$12,578,614)</u>

See accompanying notes to the basic financial statements

Marietta City School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2021*

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,338,567	\$2,357,167	\$1,143,786	\$10,839,520
Receivables:				
Property Taxes	15,728,224	1,345,907	0	17,074,131
Accounts	17,551	0	48	17,599
Intergovernmental	101,202	0	372,192	473,394
Interfund	67,297	0	0	67,297
Leases	13,189	0	0	13,189
Prepaid Items	38,547	135,176	0	173,723
Inventory Held for Resale	0	0	8,019	8,019
Materials and Supplies Inventory	111,105	0	2,295	113,400
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	3,011	0	0	3,011
<i>Total Assets</i>	<u>\$23,418,693</u>	<u>\$3,838,250</u>	<u>\$1,526,340</u>	<u>\$28,783,283</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$87,342	\$125,811	\$105,242	\$318,395
Contracts Payable	0	165,290	0	165,290
Accrued Wages and Benefits Payable	2,156,930	0	297,888	2,454,818
Retainage Payable	0	17,871	0	17,871
Matured Compensated Absences Payable	143,106	0	0	143,106
Interfund Payable	0	0	67,297	67,297
Intergovernmental Payable	550,706	0	52,702	603,408
<i>Total Liabilities</i>	<u>2,938,084</u>	<u>308,972</u>	<u>523,129</u>	<u>3,770,185</u>
Deferred Inflows of Resources				
Property Taxes	14,887,483	1,272,167	0	16,159,650
Unavailable Revenue	600,123	43,908	92,855	736,886
Deferred Inflows - Leases	13,189	0	0	13,189
<i>Total Deferred Inflows of Resources</i>	<u>15,500,795</u>	<u>1,316,075</u>	<u>92,855</u>	<u>16,909,725</u>
Fund Balances				
Nonspendable	152,663	135,176	2,295	290,134
Restricted	0	2,078,027	1,059,009	3,137,036
Committed	538,272	0	0	538,272
Assigned	2,686,708	0	0	2,686,708
Unassigned (Deficit)	1,602,171	0	(150,948)	1,451,223
<i>Total Fund Balance</i>	<u>4,979,814</u>	<u>2,213,203</u>	<u>910,356</u>	<u>8,103,373</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$23,418,693</u>	<u>\$3,838,250</u>	<u>\$1,526,340</u>	<u>\$28,783,283</u>

See accompanying notes to the basic financial statements

Marietta City School District, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2021*

Total Governmental Fund Balances		\$8,103,373
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,597,377
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Delinquent Property Taxes	542,829	
Intergovernmental Revenues	104,778	
Miscellaneous Revenues	89,279	736,886
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal fund are included in governmental activities in the statement of net position.		1,670,291
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.		(9,156)
The asset retirement obligation, net pension liability, and net OPEB liability/asset are not due and payable in the current period; therefore, the liabilities, asset, and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Asset Retirement Obligation	14,400	
Deferred Outflows - Pension	5,170,400	
Deferred Inflows - Pension	(678,575)	
Net Pension Liability	(30,953,476)	
Deferred Outflows - OPEB	887,532	
Deferred Inflows - OPEB	(3,698,759)	
Net OPEB Asset	1,710,152	
Net OPEB Liability	(2,519,873)	(30,068,199)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Asset Retirement Obligation	(40,000)	
Financed Purchase	(369,670)	
Compensated Absences Payable	(2,199,516)	(2,609,186)
<i>Net Position (Deficit) of Governmental Activities</i>		<i>(\$12,578,614)</i>
See accompanying notes to the basic financial statements		

Marietta City School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$13,403,290	\$1,151,210	\$102,108	\$14,656,608
Intergovernmental	10,790,248	124,500	6,362,786	17,277,534
Interest	18,430	0	192	18,622
Tuition and Fees	817,186	0	162,780	979,966
Leases	5,211	0	0	5,211
Extracurricular Activities	10,851	0	126,981	137,832
Charges for Services and Sales	0	0	116,707	116,707
Gifts and Donations	4,655	0	3,765	8,420
Miscellaneous	414,166	0	5,344	419,510
<i>Total Revenues</i>	<u>25,464,037</u>	<u>1,275,710</u>	<u>6,880,663</u>	<u>33,620,410</u>
Expenditures				
Current:				
Instruction:				
Regular	11,822,815	87,925	1,366,717	13,277,457
Special	3,096,542	0	1,682,132	4,778,674
Vocational	74,311	0	0	74,311
Student Intervention	78,342	0	100,317	178,659
Support Services:				
Pupils	795,123	0	561,326	1,356,449
Instructional Staff	1,183,865	0	525,230	1,709,095
Board of Education	113,592	0	0	113,592
Administration	1,378,083	0	864,224	2,242,307
Fiscal	558,470	738,583	0	1,297,053
Business	202,217	0	0	202,217
Operation and Maintenance of Plant	1,948,653	810,580	252,729	3,011,962
Pupil Transportation	996,259	72,184	96,368	1,164,811
Central	317,127	0	10,800	327,927
Operation of Non-Instructional Services:				
Food Service Operations	0	0	998,018	998,018
Community Services	764	0	184,535	185,299
Extracurricular Activities	445,493	0	287,917	733,410
Debt Service:				
Principal Retirement	39,500	180,916	97,000	317,416
Interest and Fiscal Charges	0	11,829	1,760	13,589
<i>Total Expenditures</i>	<u>23,051,156</u>	<u>1,902,017</u>	<u>7,029,073</u>	<u>31,982,246</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,412,881</u>	<u>(626,307)</u>	<u>(148,410)</u>	<u>1,638,164</u>
Other Financing Sources (Uses)				
Inception of Financed Purchase	0	550,586	0	550,586
Transfers In	300,000	0	135,000	435,000
Transfers Out	(435,000)	0	0	(435,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(135,000)</u>	<u>550,586</u>	<u>135,000</u>	<u>550,586</u>
<i>Net Change in Fund Balances</i>	2,277,881	(75,721)	(13,410)	2,188,750
<i>Fund Balances Beginning of Year</i>	<u>2,701,933</u>	<u>2,288,924</u>	<u>923,766</u>	<u>5,914,623</u>
<i>Fund Balances End of Year</i>	<u>\$4,979,814</u>	<u>\$2,213,203</u>	<u>\$910,356</u>	<u>\$8,103,373</u>

See accompanying notes to the basic financial statements

Marietta City School District, 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, 2021*

Net Change in Fund Balances - Total Governmental Funds \$2,188,750

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation and amortization exceeded capital outlays in the current period:

Capital Outlay	356,985	
Current Year Depreciation and Amortization	<u>(417,127)</u>	(60,142)

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

Delinquent Property Taxes	(13,171)	
Intergovernmental Revenues	(24,828)	
Tuition and Fees	(15,072)	
Miscellaneous	<u>18,660</u>	(34,411)

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

Loans	97,000	
Lease	39,500	
Financed Purchase	<u>180,916</u>	317,416

Inception of Financed Purchases are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the statement of activities. (550,586)

In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due. (8,388)

Amortization of deferred inflows related to the asset retirement obligation is reported as an expense in the statement of activities. (800)

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

Pension	2,108,687	
OPEB	<u>72,212</u>	2,180,899

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

Pension	(3,415,811)	
OPEB	<u>165,590</u>	(3,250,221)

Expenses resulting from compensated absences in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 149,338

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net change of the internal service fund is reported with governmental activities. 233,914

Change in Net Position of Governmental Activities \$1,165,769

See accompanying notes to the basic financial statements

Marietta City School District, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$13,303,000	\$13,303,000	\$13,396,199	\$93,199
Intergovernmental	10,016,500	10,016,500	10,790,248	773,748
Interest	15,000	15,000	17,908	2,908
Tuition and Fees	710,000	710,000	646,929	(63,071)
Leases	5,000	5,000	5,733	733
Gifts and Donations	5,000	5,000	1,045	(3,955)
Miscellaneous	232,000	232,000	252,866	20,866
<i>Total Revenues</i>	<u>24,286,500</u>	<u>24,286,500</u>	<u>25,110,928</u>	<u>824,428</u>
Expenditures				
Current:				
Instruction:				
Regular	13,661,704	12,657,809	11,498,846	1,158,963
Special	3,505,121	3,529,021	3,161,933	367,088
Vocational	79,319	79,594	74,156	5,438
Student Intervention Services	145,110	153,610	71,271	82,339
Support Services:				
Pupils	1,290,498	1,302,513	806,506	496,007
Instructional Staff	1,329,954	1,330,454	1,214,344	116,110
Board of Education	123,610	136,823	107,466	29,357
Administration	2,458,875	2,458,875	1,368,916	1,089,959
Fiscal	549,471	573,446	568,732	4,714
Business	229,105	247,105	201,242	45,863
Operation and Maintenance of Plant	2,162,356	2,399,395	1,952,292	447,103
Pupil Transportation	1,333,032	1,339,732	998,552	341,180
Central	327,516	354,966	299,771	55,195
Extracurricular Activities	504,330	506,430	485,084	21,346
<i>Total Expenditures</i>	<u>27,700,001</u>	<u>27,069,773</u>	<u>22,809,111</u>	<u>4,260,662</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,413,501)</u>	<u>(2,783,273)</u>	<u>2,301,817</u>	<u>5,085,090</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	0	160,925	160,925
Other Financing Uses	0	(495,228)	0	495,228
Transfers Out	(300,000)	(435,000)	(435,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(300,000)</u>	<u>(930,228)</u>	<u>(274,075)</u>	<u>656,153</u>
<i>Net Change in Fund Balance</i>	<u>(3,713,501)</u>	<u>(3,713,501)</u>	<u>2,027,742</u>	<u>5,741,243</u>
<i>Fund Balance Beginning of Year</i>	4,566,008	4,566,008	4,566,008	0
Prior Year Encumbrances Appropriated	43,216	43,216	43,216	0
<i>Fund Balance End of Year</i>	<u>\$895,723</u>	<u>\$895,723</u>	<u>\$6,636,966</u>	<u>\$5,741,243</u>

See accompanying notes to the basic financial statements

Marietta City School District, Ohio
Statement of Fund Net Position
Self-Insurance Internal Service Fund
June 30, 2021

	Medical & Vision Internal Service Fund
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,134,799
Current Liabilities	
Claims Payable	<u>464,508</u>
Net Position	
Unrestricted	<u><u>\$1,670,291</u></u>

See accompanying notes to the basic financial statements

Marietta City School District, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Position
Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2021*

	Medical & Vision Internal Service Fund
Operating Revenues	
Charges for Services	\$4,817,026
Miscellaneous	107
	4,817,133
<i>Total Operating Revenues</i>	
Operating Expenses	
Purchased Services	728,118
Claims	3,855,101
	4,583,219
<i>Total Operating Expenses</i>	
<i>Change in Net Position</i>	233,914
<i>Net Position Beginning of Year</i>	1,436,377
<i>Net Position End of Year</i>	\$1,670,291

See accompanying notes to the basic financial statements

Marietta City School District, Ohio
Statement of Cash Flows
Self-Insurance Internal Service Fund
For the Fiscal Year Ended June 30, 2021

	Medical & Vision Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$4,817,026
Miscellaneous Revenues	107
Cash Payments for Goods and Services	(728,118)
Cash Payments for Claims	(3,962,448)
<i>Net Cash Provided by Operating Activities</i>	126,567
<i>Cash and Cash Equivalents Beginning of Year</i>	2,008,232
<i>Cash and Cash Equivalents End of Year</i>	\$2,134,799
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$233,914
Decrease in Claims Payable	(107,347)
<i>Net Cash Used for Operating Activities</i>	\$126,567
See accompanying notes to the basic financial statements	

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's two instructional/support facilities staffed by 17 administrative employees, 102 classified employees, and 167 certificated full-time teaching personnel who provide services to 2,455 students and other community members.

Reporting Entity

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

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

The School District participates in three jointly governed organizations and one insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association, the Washington County Career Center, the Coalition of Rural and Appalachian Schools, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School District has no business-type activities.

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

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The School District has no fiduciary funds.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The School District classifies each fund as either governmental or proprietary.

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

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

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Permanent Improvement Fund This fund accounts for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District's only proprietary fund type is an Internal Service Fund.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for health and vision claims.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no fiduciary funds.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position.

For proprietary funds, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 and the statements presented for proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for asset retirement obligations, pension, and OPEB . The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 15 and 16.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and OPEB plans, leases, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being amortized to leases revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, miscellaneous revenues, and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 15 and 16)

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

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

E. 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 2021, 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.

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$18,430 which includes \$8,301 assigned from other School District funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

G. Inventory

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by back trending (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 fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	20 - 150 years
Furniture and Equipment	5 - 25 years
Vehicles	15 years

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees. Due to vacation balance being cumulative at year-end, the liability is reported on the government-wide financial statements.

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

The entire compensated absences liability is reported on the government-wide financial statements.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each person upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "matured compensated absences payable" in the funds from which these payments will be made.

J. 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, claims and judgments and 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. Financed purchases and the ARO are recognized as liabilities on the governmental fund financial statements when due. 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.

K. Internal Activity

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

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

L. Fund Balance

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

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

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

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

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned the fund balance to cover a gap between estimated revenues and appropriations in fiscal year 2022's appropriated budget.

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

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

M. Net Position

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

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

N. 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.

O. 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.

P. 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.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Q. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the School District may appropriate.

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 except the General Fund where the legal level of control is at the fund, function, and object level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations to the function and object level for all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made before the end of the prior fiscal year. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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

Note 3 - Change in Accounting Principle and Restatement of Net Position

For fiscal year 2021, the School District is implementing *Implementation Guide No. 2019-1*. These changes were incorporated in the School District’s 2021 financial statements; however, there was no effect on beginning net position/fund balance.

The School District understated its Asset Retirement Obligation (ARO) in the prior fiscal year. The Governmental Accounting Standard Board’s (GASB) Statement No. 83, Certain Asset Retirement Obligations, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The restatement had the following effect on net position as of June 30, 2020:

	Governmental Activities
Net Position June 30, 2020	(\$13,719,583)
Adjustments:	
Asset Retirement Obligation - Liability	(40,000)
Deferred Outflow - Asset Retirement Obligation	15,200
Restated Net Position June 30, 2020	(\$13,744,383)

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 4 - Fund Deficits

As of June 30, 2021, the following funds had a deficit fund balances:

	<u>Deficits</u>
<u>Special Revenue Funds:</u>	
State Grant Funds	\$9,185
Federal Grant Funds	140,727
Secondary School Emergency Relief Fund	1,036

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

Note 5 - Fund Balances

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

This area is intentionally left blank

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Balances	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total
Nonspendable:				
Prepaid Items	\$38,547	\$135,176	\$0	\$173,723
Unclaimed Monies	3,011	0	0	3,011
Materials and Supplies Inventory	111,105	0	2,295	113,400
<i>Total Nonspendable</i>	<u>152,663</u>	<u>135,176</u>	<u>2,295</u>	<u>290,134</u>
Restricted for:				
Local Programs	0	0	4,091	4,091
Food Service	0	0	769,808	769,808
Student Activities	0	0	280,758	280,758
Capital Projects	0	2,078,027	0	2,078,027
Debt Service	0	0	4,352	4,352
<i>Total Restricted</i>	<u>0</u>	<u>2,078,027</u>	<u>1,059,009</u>	<u>3,137,036</u>
Committed:				
Termination Benefits	516,209	0	0	516,209
Special Education Equipment	22,063	0	0	22,063
<i>Total Committed</i>	<u>538,272</u>	<u>0</u>	<u>0</u>	<u>538,272</u>
Assigned to:				
Purchases on Order	55,401	0	0	55,401
Public School Support	166,353	0	0	166,353
Fiscal Year 2022 Appropriations	2,464,954	0	0	2,464,954
<i>Total Assigned</i>	<u>2,686,708</u>	<u>0</u>	<u>0</u>	<u>2,686,708</u>
Unassigned (Deficit):	<u>1,602,171</u>	<u>0</u>	<u>(150,948)</u>	<u>1,451,223</u>
<i>Total Fund Balances</i>	<u>\$4,979,814</u>	<u>\$2,213,203</u>	<u>\$910,356</u>	<u>\$8,103,373</u>

Note 6 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5. Budgetary revenues and expenditures of the Public School Support Fund are reclassified to the General Fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$2,277,881
Revenue Accruals	58,560
Expenditure Accruals	18,115
Prepays Items:	
Beginning	31,641
Ending	(38,547)
Debt Principal	39,500
Advances to Other Funds for Cash Deficits	(67,297)
To reclassify excess of expenditures over revenues into financial statement fund types	(188,065)
Encumbrances	<u>(104,046)</u>
Budget Basis	<u>\$2,027,742</u>

Note 7 - Deposits and Investments

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

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

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

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

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

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

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2021, \$1,189,607 of the School District's total bank balance of \$13,025,369 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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 market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments As of June 30, 2021, the School District had the following investment:

	Measurement Amount	Maturity	Standard & Poor's Rating
Net Asset Value Per Share Star Ohio	\$3,110	Average 54.4 days	AAAm

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

Credit Risk STAR Ohio carries a rating of AAAm by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Note 8 - Property Taxes and Abatements

A. Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real property taxes received in calendar year 2021 became a lien December 31, 2018, were levied

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Washington 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, 2020, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility taxes which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was \$341,820 in the General Fund and \$29,832 in the Permanent Improvement Fund. The amount available as an advance at June 30, 2020, was \$334,729 in the General Fund and \$29,091 in the Permanent Improvement Fund.

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

The assessed values upon which fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$377,985,450	68.97%	\$377,664,200	68.66%
Commerical/Industrial and Public Utility Real	145,544,740	26.56%	145,332,690	26.42%
Public Utility Personal	24,490,100	4.47%	27,028,270	4.91%
	\$548,020,290	100.00%	\$550,025,160	100.00%
Tax Rate per \$1,000 of assessed valuation		\$49.17		\$49.17

B. Tax Abatements

The School District property taxes were reduced as follows under community reinvestment area and enterprise zone agreements entered into by overlapping governments:

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Washington County	Amount of Fiscal Year 2020 Taxes Abated
<i>Community Reinvestment Areas:</i>	
Hipodrome/Colony Historical Theatre	\$11,191
Perry and Associates	17,363
 <i>Enterprise Zone Tax Exemptions:</i>	
Washington Co-op	14,770

Note 9 - Receivables

Receivables at June 30, 2021, consisted of property taxes, accounts (billings for user charged services and tuition and fees), leases, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year. The delinquent property taxes amounted to \$542,829.

A summary of principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Title I-A	\$173,269
School Employees Retirement System	89,279
Part B Idea	43,152
Food Service Reimbursement	22,268
Title II-A	23,253
Foundation Adjustments	11,923
High Schools That Work	5,150
ESSER Grant	47,121
Title I - Delinquent	3,625
Title IV-A Student Support	1,814
Title VI-B Rural and Low Income	47,394
Broadband Ohio	5,146
Total	\$473,394

Leases Receivable

The School District is reporting Leases Receivable of \$13,189 at June 30, 2021. For fiscal year 2021, the School District reported lease revenue of \$5,211 and interest revenue of \$522 related to lease payments received. A description of the School District's leasing arrangements is as follows:

On July 1, 2018, the School District entered into a three year lease agreement with United Association Local 168 Apprentice Educational Fund for the lease of a vacant classroom in an unused school building. Based on this agreement, the School District is received yearly payments through 2021.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

On November 5, 2020, School District entered into a three year lease agreement with Viasat for space on top of a building for a satellite. Based on this agreement, the School District is receiving monthly payments through 2023.

A summary of the future principal and interest to be received is as follows:

Fiscal Year	Principal	Interest
2022	\$5,465	\$535
2023	5,744	256
2024	1,980	21
	<u>\$13,189</u>	<u>\$812</u>

Note 10 - Interfund Activity

A. Transfers

The General Fund made transfers to the Athletic Special Revenue Fund for \$135,000 to use unrestricted revenues collected in the General Fund to finance student programs in accordance with budgetary authorizations.

B. Interfund Balances

Unpaid interfund advances due to cash deficits at June 30, 2021, were as follows:

	Receivables	Payables
General Fund	\$67,297	\$0
Nonmajor Special Revenue Funds:		
ESSERS Grant Fund	0	27,992
Corona Virus Relief Fund	0	5,146
Miscellaneous Federal Grants Fund	0	34,159
Total All Funds	<u>\$67,297</u>	<u>\$67,297</u>

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
Capital Assets:				
Capital Assets not being Depreciated and Amortized:				
Land	\$1,755,605	\$0	\$0	\$1,755,605
Construction in Progress	0	200,036	0	200,036
Total Capital Assets not being Depreciated	<u>1,755,605</u>	<u>200,036</u>	<u>0</u>	<u>1,955,641</u>
Depreciable Capital Assets:				
Land Improvements	883,428	0	0	883,428
Intangible Right to Use Lease - Stadium	115,500	0	0	115,500
Buildings and Improvements	9,979,228	0	0	9,979,228
Furniture and Equipment	2,155,829	51,637	0	2,207,466
Vehicles	2,387,208	105,312	(56,414)	2,436,106
Total Capital Assets being Depreciated and Amortized	<u>15,521,193</u>	<u>156,949</u>	<u>(56,414)</u>	<u>15,621,728</u>
Less Accumulated Depreciation and Amortization:				
Land Improvements	(777,508)	(6,690)	0	(784,198)
Intangible Right to Use Lease - Stadium	(77,000)	(38,500)	0	(115,500)
Buildings and Improvements	(4,151,062)	(81,741)	0	(4,232,803)
Furniture and Equipment	(1,333,896)	(151,422)	0	(1,485,318)
Vehicles	(1,279,813)	(138,774)	56,414	(1,362,173)
Total Accumulated Depreciation and Amortization	<u>(7,619,279)</u>	<u>(417,127) *</u>	<u>56,414</u>	<u>(7,979,992)</u>
Depreciable Capital Assets net of Accumulated Depreciation and Amortization	<u>7,901,914</u>	<u>(260,178)</u>	<u>0</u>	<u>7,641,736</u>
Capital Assets, Net	<u><u>\$9,657,519</u></u>	<u><u>(\$60,142)</u></u>	<u><u>\$0</u></u>	<u><u>\$9,597,377</u></u>

\$115,500 (less \$115,500 in accumulated depreciation) is related to the School District's intangible asset (a stadium), which is included in the capital assets as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standard Board Statement No. 87, *Leases*, a lease meeting the criteria of this Statement requires the lessee to recognize a lease liability and an intangible right to use asset.

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

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Instruction:	
Regular	\$77,852
Special	13,512
Vocational	2,386
Support Services:	
Pupils	3,202
Instructional Staff	23,258
Administration	7,076
Fiscal	800
Business	1,881
Operation and Maintenance of Plant	33,471
Pupil Transportation	131,532
Central	314
Food Service Operations	14,911
Non-Instructional Services	194
Extracurricular Activities	<u>106,738</u>
Total Depreciation and Amortization Expense	<u><u>\$417,127</u></u>

Note 12 - Significant Commitments

A. Encumbrances

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

General Fund	\$104,046
Permanent Improvement Fund	1,551,632
Nonmajor Funds	479,843
Internal Service Fund	<u>1,075</u>
Total	<u><u>\$2,136,596</u></u>

B. Contractual Commitments

As of June 30, 2021, the School District has contractual purchase commitments for the following projects:

<u>Project</u>	<u>Contract Amount</u>	<u>Contract Expended</u>	<u>Balance at 6/30/21</u>
Permanent Improvement Capital Projects Fund:			
Marietta Middle School Secure Entrance	188,299	18,868	169,431
Roof Projects	<u>710,280</u>	<u>181,168</u>	<u>529,112</u>
Total	<u><u>\$898,579</u></u>	<u><u>\$200,036</u></u>	<u><u>\$698,543</u></u>

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 13 - 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 2021, the School District contracted with Peoples Insurance Agency through Oho Casualty Insurance for general liability, vehicle, and property insurance. Coverage provided by the Liberty Mutual Insurance Company is as follows:

Building and Contents-replacement cost (\$5,000 deductible)	\$98,747,750
Boiler and Machinery (\$10,000 deductible)	98,747,750
Inland Marine:	
Cameras and audio-visual equipment (\$500 deductible)	50,000
Signs (\$500 deductible)	10,000
Music Instruments (\$500 deductible)	250,000
Band Uniforms (\$500 deductible)	50,000
Computers per Building (\$500 deductible)	200,000
Miscellaneous School Equipment and Property (\$250 deductible)	50,000
Athletic Equipment (\$500 deductible)	500,000
Rented Equipment (\$1000 deductible)	50,000
Crime (\$1000 deductible) - Public Employee Dishonesty Money and Securities –	100,000
Inside Premises – Per Occurrence	15,000
Outside Premises – Per Messenger	15,000
Forgery or Alteration	100,000
Automobile Liability (no deductible):	
Bodily Injury and Property Damage – combined single limit	1,000,000
Medical Payments – each person	\$5,000
Hired Car Physical Damage	50,000
General Liability (no deductible):	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Medical Expense Limit – per person/accident	15,000
Employee Benefits Liability (\$1,000 deductible):	
Per Claim	1,000,000
Aggregate Limit	\$3,000,000
Educators Legal Liability (\$5,000 deductible):	
Per Claim	1,000,000
Aggregate Limit	1,000,000
Umbrella:	
Each Occurrence	4,000,000
Aggregate Limit	4,000,000

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from coverage in fiscal year 2020.

B. Worker’s Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control, and actuarial services to the GRP.

C. Health and Vision Insurance

Health and vision insurance are offered to employees through a self-insurance internal service fund. Monthly premiums for cost of claims are remitted to the fiscal agent who in turn pays the claims on the School District’s behalf. The claims liability of \$464,508 reported in the internal service fund at June 30, 2021, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims cost, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by the incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for 2020 and 2021 were:

	Balance Beginning of Fiscal Year	Current Fiscal Year Claims	Claim Payments	Balance End of Fiscal Year
2020	\$455,700	\$4,456,290	\$4,340,135	\$571,855
2021	571,855	3,855,101	3,962,448	464,508

Note 14 - 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 days of vacation per fiscal year, depending upon length of service. Vacation can be accumulated up to eight weeks. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, classified employees receive payment for fifty percent of their accumulated sick days to a maximum of 170 days. Certified employees receive payment for thirty-three percent of their accumulated sick days up to a maximum of 260 days.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

B. Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource in the amount of \$20,000. Dental coverage is also provided through CoreSource. Premiums for this coverage are \$78.36 monthly for family and \$33.58 for single coverage. The School District also provides vision insurance through CoreSource at rates of \$15.68 for family and \$7.26 for single coverage.

Note 15 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

The net pension/OPEB liability (asset) 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.

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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 is 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 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The School District's contractually required contribution to SERS was \$525,794 for fiscal year 2021. Of this amount, \$37,011 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of 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 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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,582,893 for fiscal year 2021. Of this amount, \$211,740 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.11575220%	0.09696459%	
Current Measurement Date	<u>0.11201440%</u>	<u>0.09730607%</u>	
Change in Proportionate Share	<u>-0.00373780%</u>	<u>0.00034148%</u>	
Proportionate Share of the Net			<u>Total</u>
Pension Liability	\$7,408,869	\$23,544,607	\$30,953,476
Pension Expense	\$786,314	\$2,629,497	\$3,415,811

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$14,391	\$52,829	\$67,220
Changes of assumptions	0	1,263,890	1,263,890
Net difference between projected and actual earnings on pension plan investments	470,313	1,144,977	1,615,290
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	52,029	63,284	115,313
School District contributions subsequent to the measurement date	<u>525,794</u>	<u>1,582,893</u>	<u>2,108,687</u>
Total Deferred Outflows of Resources	<u>\$1,062,527</u>	<u>\$4,107,873</u>	<u>\$5,170,400</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$150,552	\$150,552
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>135,328</u>	<u>392,695</u>	<u>528,023</u>
Total Deferred Inflows of Resources	<u>\$135,328</u>	<u>\$543,247</u>	<u>\$678,575</u>

\$2,108,687 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 year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	(\$33,586)	\$431,115	\$397,529
2023	91,707	359,584	451,291
2024	196,037	667,354	863,391
2025	<u>147,247</u>	<u>523,680</u>	<u>670,927</u>
Total	<u>\$401,405</u>	<u>\$1,981,733</u>	<u>\$2,383,138</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	<u>5.00</u>	6.65
Total	<u>100.00 %</u>	

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$10,149,245	\$7,408,869	\$5,109,640

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but does not include 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 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$33,523,421	\$23,544,607	\$15,088,393

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2021, one Board Member has elected Social Security. The contribution rate is 6.2 percent of wages.

Note 16 - Defined Benefit OPEB Plans

See Note 15 for a description of the net OPEB liability.

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. 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.

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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$72,212.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$72,212 for fiscal year 2021, of which all is reported as an intergovernmental payable.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, 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, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.11861460%	0.09696459%	
Current Measurement Date	0.11594540%	0.09730607%	
Change in Proportionate Share	-0.00266920%	0.00034148%	
Proportionate Share of the:			Total
Net OPEB Liability	\$2,519,873	0	\$2,519,873
Net OPEB (Asset)	\$0	(\$1,710,152)	(\$1,710,152)
OPEB Expense	(\$18,223)	(\$147,367)	(\$165,590)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$33,096	\$109,578	\$142,674
Changes of assumptions	429,551	28,230	457,781
Net difference between projected and actual earnings on OPEB plan investments	28,393	59,934	88,327
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	122,957	3,581	126,538
School District contributions subsequent to the measurement date	<u>72,212</u>	<u>0</u>	<u>72,212</u>
Total Deferred Outflows of Resources	<u>\$686,209</u>	<u>\$201,323</u>	<u>\$887,532</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,281,532	\$340,637	\$1,622,169
Changes of assumptions	63,470	1,624,357	1,687,827
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>245,537</u>	<u>143,226</u>	<u>388,763</u>
Total Deferred Inflows of Resources	<u>\$1,590,539</u>	<u>\$2,108,220</u>	<u>\$3,698,759</u>

\$72,212 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 in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	(\$207,072)	(\$487,294)	(\$694,366)
2023	(205,018)	(446,726)	(651,744)
2024	(205,352)	(432,491)	(637,843)
2025	(174,755)	(380,523)	(555,278)
2026	(130,989)	(77,302)	(208,291)
2027	<u>(53,356)</u>	<u>(82,561)</u>	<u>(135,917)</u>
Total	<u>(\$976,542)</u>	<u>(\$1,906,897)</u>	<u>(\$2,883,439)</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.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of School District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease 1.63%	Current Discount Rate 2.63%	1% Increase 3.63%
School District's proportionate share of the net OPEB liability	\$3,084,262	\$2,519,873	\$2,071,185

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$1,984,208	\$2,519,873	\$3,236,194

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.5 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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:

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

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, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$1,487,944)	(\$1,710,152)	(\$1,898,689)
		Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,886,986)	(\$1,710,152)	(\$1,494,744)

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 17 - Long-Term Obligations

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

	Restated 6/30/2020	Additions	Reductions	Outstanding 6/30/2021	Amounts Due in One Year
Loan from Direct Borrowing:					
2006 Energy Conservation					
Loan - 4.75%	\$97,000	\$0	\$97,000	\$0	\$0
Net Pension Liability:					
SERS	6,925,657	483,212	0	7,408,869	0
STRS	21,443,136	2,101,471	0	23,544,607	0
Total Net Pension Liability	28,368,793	2,584,683	0	30,953,476	0
Net OPEB Liability - SERS	2,982,906	0	463,033	2,519,873	0
Lease Payable	39,500	0	39,500	0	0
Financed Purchases from Direct Borrowings	0	550,586	180,916	369,670	182,251
Asset Retirement Obligation	40,000	0	0	40,000	0
Compensated Absences Payable	2,348,854	64,052	213,390	2,199,516	110,596
Total Governmental Activities					
Long-Term Liabilities	\$33,877,053	\$3,199,321	\$993,839	\$36,082,535	\$292,847

All compensated absences will be paid from the General Fund. The financed purchase is paid from the Permanent Improvement Capital Projects Fund. There are no repayment schedules for the net pension and OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund and the Food Service and Federal Grants Special Revenue Funds. For additional information related to the net pension and OPEB liabilities, see Notes 15 and 16.

During fiscal year 2006, the School District obtained a School Energy Conservation Loan and drew down the remaining \$542,445 in proceeds during fiscal year 2007. The loan was repaid using energy savings and retired within the fiscal year.

Lease Payable - \$115,500 has been recorded as an Intangible Right to Use Lease in the Governmental Activities capital assets. Due to the implementation of GASB Statement No. 87, this lease of the Don Drum Stadium met the criteria of a lease thus requiring it to be recorded by the School District. This asset will be amortized over the lease term since it is shorter than the useful life. The lease ended in 2021. The lease was paid from the General Fund.

Financed Purchases - During fiscal year 2021, the School District entered into financed purchase agreements for student devices and ipdads. These agreements meet the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Financed purchase payments are reflected as debt service expenditures in the fund financial statements. Principal payments made in fiscal year 2021 totaled \$180,916. The agreements provide for minimum annual payments as follows:

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fiscal Year Ended	
2022	\$192,745
2023	192,745
Total Minimum Finance Payments	385,490
Less: Amount Representing Interest	(15,820)
Present Value of Net Minimum Finance Payments	\$369,670

The overall debt margin of the School District as of June 30, 2021, was \$49,493,443, with an unvoted debt margin of \$549,879.

Note 18 - Jointly Governed Organizations

A. Metropolitan Educational Technology Association (META)

The School District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2021, the School District paid \$95,401 for services with META/MEC/SEOVEC. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

B. Washington County Career Center

The Washington County Career Center, a joint vocational school, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the six participating school districts' elected boards and one representative from the Ohio Valley Educational Service Center's Board. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Washington County Career Center, Joe Crone, Treasurer, at 21740 SR 676, Marietta, Ohio 45750.

C. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of over 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$325 for fiscal year 2021. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 19 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Note 20 - Set asides

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

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

	Capital Improvements
Set-aside Balance as of July 1, 2020	\$0
Current Year Set-aside Requirement	460,886
Offsetting Credits	(720,136)
Qualifying Disbursements	(312,400)
Total	(\$571,650)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

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

Note 21 - 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,

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

B. Litigation

The School District is currently party to pending litigation seeking damages and/or injunctive relief. The School District management is of opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

C. School Foundation

In fiscal year 2021, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE adjustments have been finalized. The impact of the FTE adjustments were not material to the 2021 financial statements.

Note 22 - Asset Retirement Obligations

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an “owner” or “operator,” to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$40,000 associated with the School Districts’ underground storage tank was estimated by the School Districts’ Buildings and Grounds Director and a local contractor. The remaining useful life of this UST is 18 years. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Note 23 - Operating Lease - Lessee Disclosure

During fiscal year 2018, the School District entered into a lease agreement to rent twenty six copiers. The term of the lease agreement is for five years and ends on November 15, 2022. The current terms of the agreement calls for the School District to make monthly rent payments of \$.0106 per copy made; \$1,544 plus \$599 in utility, insurance, and maintenance fees for a total of \$2,141 monthly. During fiscal year 2021, the School District paid \$25,291 in rental payments for this lease. The amount to be paid during fiscal year 2022 is not determinable due to it being based on per copy made.

Marietta City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 24 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the school district received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020, and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

This page intentionally left blank.

Marietta City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's Proportion of the Net Pension Liability	0.11201440%	0.11575220%	0.11088350%
School District's Proportionate Share of the Net Pension Liability	\$7,408,869	\$6,925,657	\$6,350,504
School District's Covered Payroll	\$3,930,264	\$3,981,874	\$3,745,585
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.51%	173.93%	169.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2015 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015
0.12016430%	0.11900220%	0.12013820%	0.11699200%
\$7,179,551	\$8,709,862	\$6,855,202	\$5,920,899
\$4,050,514	\$3,695,764	\$3,616,783	\$3,399,553
177.25%	235.67%	189.54%	174.17%
69.50%	62.98%	69.16%	71.70%

Marietta City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.09730607%	0.09696459%	0.09631790%
School District's Proportionate Share of the Net Pension Liability	\$23,544,607	\$21,443,136	\$21,178,145
School District's Covered Payroll	\$11,769,836	\$11,484,807	\$10,929,800
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.04%	186.71%	193.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2015 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015
0.09689448%	0.10254584%	0.10123166%	0.10286011%
\$23,017,491	\$34,325,183	\$27,977,470	\$25,019,139
\$10,713,314	\$10,789,793	\$10,561,829	\$10,509,462
214.85%	318.13%	264.89%	238.06%
75.30%	66.80%	72.10%	74.70%

Marietta City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.11594540%	0.11861460%	0.11248560%	0.12160910%	0.11994470%
School District's Proportionate Share of the Net OPEB Liability	\$2,519,873	\$2,982,906	\$3,120,655	\$3,263,668	\$3,418,868
School District's Covered Payroll	\$3,930,264	\$3,981,874	\$3,745,585	\$4,050,514	\$3,695,764
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	64.11%	74.91%	83.32%	80.57%	92.51%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

Marietta City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.09730607%	0.09696459%	0.09631790%	0.09689448%	0.10254584%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,710,152)	(\$1,605,967)	(\$1,547,731)	\$3,780,465	\$5,484,178
School District's Covered Payroll	\$11,769,836	\$11,484,807	\$10,929,800	\$10,713,314	\$10,789,793
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.53%	-13.98%	-14.16%	35.29%	50.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	\$525,794	\$550,237	\$537,553	\$505,654
Contributions in Relation to the Contractually Required Contribution	<u>(525,794)</u>	<u>(550,237)</u>	<u>(537,553)</u>	<u>(505,654)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,755,671	\$3,930,264	\$3,981,874	\$3,745,585
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$72,212	\$73,106	\$92,267	\$79,473
Contributions in Relation to the Contractually Required Contribution	<u>(72,212)</u>	<u>(73,106)</u>	<u>(92,267)</u>	<u>(79,473)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.92%</u>	<u>1.86%</u>	<u>2.32%</u>	<u>2.12%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.92%</u>	<u>15.86%</u>	<u>15.82%</u>	<u>15.62%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$567,072	\$517,407	\$476,692	\$471,178	\$414,553	\$402,775
<u>(567,072)</u>	<u>(517,407)</u>	<u>(476,692)</u>	<u>(471,178)</u>	<u>(414,553)</u>	<u>(402,775)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,050,514	\$3,695,764	\$3,616,783	\$3,399,553	\$2,995,328	\$2,994,606
<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>
\$64,754	\$57,900	\$89,668	\$61,563	\$61,945	\$66,840
<u>(64,754)</u>	<u>(57,900)</u>	<u>(89,668)</u>	<u>(61,563)</u>	<u>(61,945)</u>	<u>(66,840)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.60%</u>	<u>1.57%</u>	<u>2.48%</u>	<u>1.81%</u>	<u>2.07%</u>	<u>2.23%</u>
<u>15.60%</u>	<u>15.57%</u>	<u>15.66%</u>	<u>15.67%</u>	<u>15.91%</u>	<u>15.68%</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$1,582,893	\$1,647,777	\$1,607,873	\$1,530,172
Contributions in Relation to the Contractually Required Contribution	<u>(1,582,893)</u>	<u>(1,647,777)</u>	<u>(1,607,873)</u>	<u>(1,530,172)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$11,306,379	\$11,769,836	\$11,484,807	\$10,929,800
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$1,499,864	\$1,510,571	\$1,478,656	\$1,366,230	\$1,364,102	\$1,361,768
<u>(1,499,864)</u>	<u>(1,510,571)</u>	<u>(1,478,656)</u>	<u>(1,366,230)</u>	<u>(1,364,102)</u>	<u>(1,361,768)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$10,713,314	\$10,789,793	\$10,561,829	\$10,509,462	\$10,493,092	\$10,475,138
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>

Marietta City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Changes in Assumptions - STRS

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

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

Marietta City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

Marietta City School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Changes in Benefit Terms – STRS OPEB

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

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

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

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

This page intentionally left blank.

**MARIETTA CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass-Through Grantor Program/Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2020/2021	\$95,155
Cash Assistance:			
COVID-19 School Breakfast Program	10.553	2020/2021	248,817
School Breakfast Program	10.553	2020/2021	74,062
COVID-19 National School Lunch Program	10.555	2020/2021	457,116
National School Lunch Program	10.555	2020/2021	117,908
Cash Assistance Subtotal			<u>897,903</u>
Total Child Nutrition Cluster			<u>993,058</u>
Total U.S. Department of Agriculture			993,058
U.S. DEPARTMENT OF TREASURY			
Passed Through Ohio Department of Education:			
COVID-19 Coronavirus Relief Fund - Rural and Small Town SD	21.019	2021	130,116
COVID-19 Coronavirus Relief Fund - Broadband Ohio Connectivity		2021	140,154
Total COVID-19 Coronavirus Relief Fund			<u>270,270</u>
Total U.S. Department of Treasury			270,270
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education:			
Title I Grants to Local Educational Agencies	84.010	2020 2021	154,329 <u>1,019,976</u>
Total Title I Grants to Local Educational Agencies			1,174,305
Special Education Cluster:			
Special Education Grants to States	84.027	2020 2021	47,117 <u>616,131</u>
Total Special Education - Grants to States			<u>663,248</u>
Total Special Education Cluster			663,248
Education for Homeless Children and Youth	84.196	2021	35,000
Rural Education	84.358	2021	46,794
Supporting Effective Instruction State Grants	84.367	2020 2021	22,370 <u>128,138</u>
Total Supporting Effective Instruction State Grants			150,508
Student Support and Academic Enrichment Program	84.424	2021	80,280
COVID-19 Elementary and Secondary School Emergency Relief Fund - ESSER	84.425D	2020	870,045
ESSER II		2021	991,852
Total COVID-19 Elementary and Secondary School Emergency Relief Fund			<u>1,861,897</u>
Total U.S. Department of Education			<u>4,012,032</u>
Total Expenditures of Federal Awards			<u><u>\$5,275,360</u></u>

The accompanying notes are an integral part of this Schedule.

**MARIETTA CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Marietta City School District (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Marietta City School District
Washington County
111 Academy Dr.
Marietta, Ohio 45750

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and 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 Marietta City School District, Washington County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 21, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 21, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Marietta City School District
Washington County
111 Academy Drive
Marietta, Ohio 45750

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Marietta City School District's, Washington County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Marietta City School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

Management's Responsibility

The School District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, Marietta City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Efficient • Effective • Transparent

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 21, 2022

**MARIETTA CITY SCHOOL DISTRICT
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Elementary and Secondary School Emergency Relief Fund – CFDA # 84.425D
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



MARIETTA CITY SCHOOL DISTRICT

WASHINGTON 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 5/5/2022

88 East Broad 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