



OHIO AUDITOR OF STATE
KEITH FABER



**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2022**

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MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Martins Ferry City School District
Belmont County
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Martins Ferry City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Martins Ferry City School District, Belmont County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Schoolwide Pool Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 25, 2023

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Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of the Martins Ferry City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2022 are as follows:

- In total, net position increased \$2,996,372.
- General revenues accounted for \$19,404,764 in revenue or approximately 77 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$5,739,099 or approximately 23 percent of total revenues of \$25,143,863.
- Total assets of governmental activities increased \$3,255,798, primarily due to increases in property taxes receivable, and cash and cash equivalents. Total liabilities decreased \$8,870,728, primarily due a decrease in the net pension liability.
- The School District had \$22,147,491 in expenses related to governmental activities; only \$5,739,099 of these expenses were offset by program specific charges for services and sales and operating grants and contributions. General revenues of \$19,404,764 were adequate to provide for these programs.
- Total governmental funds had \$24,565,473 in revenues and \$23,297,077 in expenditures. Overall, including other financing sources and uses, Total Governmental Funds' balance increased \$1,268,396.

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 Martins Ferry 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 nonmajor funds presented in total in one column. In the case of Martins Ferry City School District, the General Fund, the Schoolwide Pool Special Revenue Fund, and the Debt Service Fund are the only major or significant funds.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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 2022?" 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.

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

In the Statement of Net Position and the Statement of Activities, the School District's activities are all considered to be Governmental Activities including instruction, support services, operation and maintenance of plant, pupil transportation, food service, debt service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 15. 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, the Schoolwide Pool Special Revenue Fund, and the Debt Service 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 yearend 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.

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 2022 compared to 2021.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 1
Net Position

	Governmental Activities		Net Change
	2022	2021	
Assets			
Current and Other Assets	\$24,299,418	\$20,320,139	\$3,979,279
Net OPEB Asset	1,333,891	1,086,421	247,470
Capital Assets	40,575,798	41,546,749	(970,951)
Total Assets	<u>66,209,107</u>	<u>62,953,309</u>	<u>3,255,798</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	0	36,223	(36,223)
Pension	4,928,195	4,036,834	891,361
OPEB	674,747	645,157	29,590
Total Deferred Outflows of Resources	<u>5,602,942</u>	<u>4,718,214</u>	<u>884,728</u>
Liabilities			
Current and Other Liabilities	2,510,651	1,905,638	605,013
Long-Term Liabilities:			
Due Within One Year	877,715	778,644	99,071
Due in More than One Year:			
Net Pension Liability	10,488,519	18,886,371	(8,397,852)
Net OPEB Liability	1,256,290	1,325,744	(69,454)
Other Amounts	21,130,432	22,237,652	(1,107,220)
Total Liabilities	<u>36,263,607</u>	<u>45,134,049</u>	<u>(8,870,442)</u>
Deferred Inflows of Resources			
Property Taxes	7,739,994	6,191,284	1,548,710
Pension	8,319,925	123,306	8,196,619
OPEB	2,269,299	2,000,216	269,083
Total Deferred Inflows of Resources	<u>18,329,218</u>	<u>8,314,806</u>	<u>10,014,412</u>
Net Position			
Net Investment in Capital Assets	21,044,901	21,401,223	(356,322)
Restricted	5,228,454	4,692,308	536,146
Unrestricted (Deficit)	(9,054,131)	(11,870,679)	2,816,548
Total Net Position	<u>\$17,219,224</u>	<u>\$14,222,852</u>	<u>\$2,996,372</u>

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities increased \$3,255,798. Currents assets increased \$3,979,279 primarily due to increases in property taxes receivable, primarily due to increases in assessed valuation. Cash and cash equivalents also contributed to the increase in current assets, as Elementary and Secondary School Emergency Relief grant moneys have been able to offset cash outlays. Capital assets decreased \$970,951 as annual depreciation exceeded capital asset additions during the fiscal year. The School District is reporting a net OPEB asset in the amount of \$1,333,891 (more detailed information regarding the net OPEB asset can be found in Note 12).

The School District's total liabilities decreased \$8,870,442. Current and other liabilities increased \$605,013 primarily due to increases for contracts payable related to new construction in progress, as well as increases in accrued wages and benefits, due to the timing of health insurance premium payments. Long-term liabilities decreased \$9,475,455, primarily to decreases in net pension liability due to the changes in assumptions offset by changes in net investment income. For more detailed information on the net pension liability and the net OPEB liability, see Notes 11 and 12 respectively. The decrease in net pension liability was compounded by annual debt service payments on existing long-term obligations.

The School District's deferred inflows of resources increased \$10,014,412, primarily due to the previously mentioned change in the net difference between projected and actual earnings on pension plan investments.

In order to further understand what makes up the changes in net position for the current year, the following tables give readers further details regarding the results of activities for 2022 and 2021.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 2			
Changes in Net Position			
Governmental Activities			
	2022	2021	Net Change
Revenues			
Program Revenue			
Charges for Services and Sales	\$950,479	\$2,170,895	(\$1,220,416)
Operating Grants and Contributions	4,039,783	4,199,905	(160,122)
Capital Grants and Contributions	748,837	70,196	678,641
Total Program Revenue	5,739,099	6,440,996	(701,897)
General Revenue			
Property Taxes	8,289,307	6,066,313	2,222,994
Grants and Entitlements	11,012,926	9,853,747	1,159,179
Gifts and Donations	17,250	29,827	(12,577)
Investment Earnings	5,726	8,683	(2,957)
Miscellaneous	79,555	210,473	(130,918)
Total General Revenue	19,404,764	16,169,043	3,235,721
Total Revenues	\$25,143,863	\$22,610,039	\$2,533,824
Program Expenses			
Instruction:			
Regular	\$9,113,084	\$10,315,478	(\$1,202,394)
Special	3,308,289	3,434,664	(126,375)
Vocational	559,744	501,166	58,578
Student Intervention Services	145,275	215,296	(70,021)
Support Services:			
Pupil	974,284	1,017,023	(42,739)
Instructional Staff	537,500	538,464	(964)
Board of Education	134,109	106,183	27,926
Administration	1,586,667	1,626,908	(40,241)
Fiscal	664,186	738,931	(74,745)
Operation and Maintenance of Plant	1,899,088	1,914,418	(15,330)
Pupil Transportation	829,545	1,008,008	(178,463)
Central	98,907	111,286	(12,379)
Operation of Non-Instructional Services	139,675	585,776	(446,101)
Food Service Operations	754,276	330,885	423,391
Extracurricular Activities	903,743	657,465	246,278
Interest and Fiscal Charges	499,119	612,873	(113,754)
Total Expenses	22,147,491	23,714,824	(1,567,333)
Change in Net Position	2,996,372	(1,104,785)	4,101,157
Net Position Beginning of Year	14,222,852	15,327,637	(1,104,785)
Net Position End of Year	\$17,219,224	\$14,222,852	\$2,996,372

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

In fiscal year 2022, 33 percent of the School District's revenues were from property taxes, and 44 percent were from unrestricted grants and entitlements. Charges for services program revenue decreased in the amount of \$1,220,416. Program revenue consisting of charges for services, operating grants and contributions, and contributions decreased \$701,897 from the prior fiscal year. The decrease is primarily due to changes in the State Funding Model for education. The changes in the funding model resulted in reductions in charges for services related to tuition and fees, as open enrollment and other fee-based services no longer flow through the residency district and are instead directly paid by the State to the educating district.

Instruction comprises approximately 59 percent of total governmental program expenses. Of the instructional expenses, approximately 70 percent is for regular instruction, approximately 25 percent is for special instruction, while vocational and student intervention services comprises the remaining 5 percent. Overall program expenses decreased over the prior fiscal year in the amount of \$1,567,333, primarily due to pension and OPEB.

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 for fiscal year 2022 compared to fiscal year 2021. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction:				
Regular	\$9,113,084	\$10,315,478	\$7,749,064	\$8,115,605
Special	3,308,289	3,434,664	1,529,669	1,682,607
Vocational	559,744	501,166	398,835	360,875
Student Intervention Services	145,275	215,296	83,822	215,296
Support Services:				
Pupil	974,284	1,017,023	844,349	708,227
Instructional Staff	537,500	538,464	537,500	538,464
Board of Education	134,109	106,183	134,109	106,183
Administration	1,586,667	1,626,908	1,580,706	1,607,362
Fiscal	664,186	738,931	498,823	546,777
Operation and Maintenance of Plant	1,899,088	1,914,418	925,611	727,564
Pupil Transportation	829,545	1,008,008	813,310	905,325
Central	98,907	111,286	96,112	105,886
Operation of Non-Instructional Services	139,675	585,776	53,784	425,264
Food Service Operations	754,276	330,885	(1,278)	60,375
Extracurricular Activities	903,743	657,465	664,857	555,145
Interest and Fiscal Charges	499,119	612,873	499,119	612,873
Total Expenses	\$22,147,491	\$23,714,824	\$16,408,392	\$17,273,828

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as approximately 74 percent of total expenses are supported through taxes and other general revenues.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The School District Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has three major funds, the General Fund, the Schoolwide Pool Special Revenue Fund, and the Debt Service Fund. The General Fund had \$19,491,362 in revenues and \$15,233,235 in expenditures. Including other financing uses, the General Fund's balance increased \$841,815, as increases in property taxes and intergovernmental revenue offset the increase in expenditures. The Schoolwide Pool Fund had \$433,259 in revenues and \$3,145,058 in expenditures. Including other financing sources, the Schoolwide Pool had no change in fund balance. The Debt Service Fund had revenues in the amount of \$1,024,067 and expenditures in the amount of \$1,340,483. Including other financing sources, the Debt Service Fund's balance increased \$386,097 as the School District accumulates resources to retire future debt service obligations.

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 2022, the School District amended its General Fund budget, and the budgetary statement reflects both the original and final amounts. Final budgeted amounts differed from original amount as the School District amended these amounts to more closely reflect actual operations. As a results of this budgetary practice actual amounts do not differ significantly from final budget amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had \$40,575,798 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles, net of depreciation. Table 4 shows fiscal year 2022 balances compared to fiscal year 2021.

Table 4
Capital Assets Net of Depreciation
Governmental Activities

	2022	2021
Land	\$2,436,556	\$2,436,556
Construction in Progress	780,190	0
Land Improvements	4,793,484	5,118,878
Buildings and Improvements	32,025,316	33,345,418
Furniture and Equipment	141,850	173,824
Vehicles	398,402	472,073
Totals	\$40,575,798	\$41,546,749

See Note 9 for more detailed information of the School District's capital assets.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Debt

At June 30, 2022, the School District had \$19,452,297 in outstanding general obligation bonds including premium, and Certificates of Participation including premium, with \$705,000 due within one year. In addition, the School District had \$1,319,000 in outstanding financed purchases, with \$121,000 due within one year.

Table 5
Outstanding Debt at Fiscal Year End
Governmental Activities

	2022	2021
<i>2012 Refunding Bonds</i>		
Capital Appreciation Bonds	\$0	\$32,433
Accretion on Capital Appreciation Bonds	0	379,619
Premium	0	280,782
<i>2019 Refunding Bonds</i>		
Serial Bonds	\$6,835,000	6,835,000
Premium	350,451	383,051
<i>2016 Qualified Zone Academy Bonds</i>	1,500,000	1,500,000
<i>2019 Certificates of Participation</i>		
Serial Bonds	10,475,000	10,675,000
Premium	291,846	302,859
Financed Purchases	1,319,000	1,434,000
Total	\$20,771,297	\$21,822,744

See Note 15 for more detailed information regarding the School District's debt and other long-term obligations, including compensated absences, and net pension/OPEB liabilities.

Economic Factors

During fiscal year 2021 the School District has challenged a tax valuation complaint from Alecto (East Ohio Regional Hospital). As of June 30, 2022 the matter remains unsettled.

During fiscal year 2022, the School District continued its Schoolwide pool for the elementary school; whereas, it combines General Fund moneys with Title I and Title IIA Federal moneys to allow the School District more flexibility for the use of the Federal Funds.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, 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 Dana Garrison, Treasurer/CFO at Martins Ferry City School District, 5001 Ayers Limestone Rd, Martins Ferry, Ohio 43935.

Martins Ferry City School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,456,943
Investments with Fiscal and Escrow Agents	456,596
Intergovernmental Receivable	958,513
Materials and Supplies Inventory	50,971
Property Taxes Receivable	9,311,602
Prepaid Items	8,404
Unamortized Certificates of Participation Insurance Premium	56,389
Net OPEB Asset	1,333,891
Non-Depreciable Capital Assets	3,216,746
Depreciable Capital Assets, Net	37,359,052
 Total Assets	 66,209,107
Deferred Outflows of Resources	
Pension	4,928,195
OPEB	674,747
 Total Deferred Outflows of Resources	 5,602,942
Liabilities	
Accounts Payable	37,534
Accrued Wages and Benefits Payable	1,440,784
Intergovernmental Payable	434,602
Contracts Payable	377,625
Matured Severance Payable	46,168
Accrued Interest Payable	52,329
Vacation Benefits Payable	88,299
Retainage Payable	33,310
Long-Term Liabilities:	
Due Within One Year	877,715
Due In More Than One Year:	
Net Pension Liability	10,488,519
Net OPEB Liability	1,256,290
Other Amounts	21,130,432
 Total Liabilities	 36,263,607
Deferred Inflows of Resources	
Property Taxes	7,739,994
Pension	8,319,925
OPEB	2,269,299
 Total Deferred Inflows of Resources	 18,329,218
Net Position	
Net Investment in Capital Assets	21,044,901
Restricted for:	
Debt Service	3,069,002
Capital Projects	1,597,266
Food Service	261,224
Classroom Facilities Maintenance	162,197
State Programs	48,190
Student Activities	47,061
Other Purposes	43,514
Unrestricted (Deficit)	(9,054,131)
 Total Net Position	 \$17,219,224

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$9,113,084	\$406,836	\$957,184	\$0	(\$7,749,064)
Special	3,308,289	0	1,778,620	0	(1,529,669)
Vocational	559,744	0	160,909	0	(398,835)
Student Intervention Services	145,275	0	61,453	0	(83,822)
Support Services:					
Pupil	974,284	0	129,935	0	(844,349)
Instructional Staff	537,500	0	0	0	(537,500)
Board of Education	134,109	0	0	0	(134,109)
Administration	1,586,667	0	5,961	0	(1,580,706)
Fiscal	664,186	0	165,363	0	(498,823)
Operation and Maintenance of Plant	1,899,088	169,775	54,865	748,837	(925,611)
Pupil Transportation	829,545	0	16,235	0	(813,310)
Central	98,907	0	2,795	0	(96,112)
Operation of Non-Instructional Service	139,675	0	85,891	0	(53,784)
Food Service Operations	754,276	137,570	617,984	0	1,278
Extracurricular Activities	903,743	236,298	2,588	0	(664,857)
Interest and Fiscal Charges	499,119	0	0	0	(499,119)
Total Governmental Activities	\$22,147,491	\$950,479	\$4,039,783	\$748,837	(16,408,392)

General Revenues

Property Taxes Levied for General Purposes	6,952,619
Property Taxes Levied for Capital Outlay	308,248
Property Taxes Levied for Debt Service	963,748
Property Taxes Levied for Building Maintenance	64,692
Grants and Entitlements not Restricted to Specific Programs	11,012,926
Gifts and Donations	17,250
Investment Earnings	5,726
Miscellaneous	79,555
Total General Revenues	19,404,764
Change in Net Position	2,996,372
Net Position Beginning of Year	14,222,852
Net Position End of Year	\$17,219,224

See accompanying notes to the basic financial statements

Martins Ferry City School District
Balance Sheet
Governmental Funds
June 30, 2022

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$8,605,974	\$0	\$2,744,590	\$2,106,379	\$13,456,943
Restricted Assets:					
Investments with Fiscal and Escrow Agents	0	0	456,596	0	456,596
Receivables:					
Property Taxes	7,828,236	0	1,067,184	416,182	9,311,602
Intergovernmental	298,624	0	0	659,889	958,513
Interfund	53,802	295,283	0	0	349,085
Prepaid Items	8,404	0	0	0	8,404
Materials and Supplies Inventory	33,602	0	0	17,369	50,971
Total Assets	\$16,828,642	\$295,283	\$4,268,370	\$3,199,819	\$24,592,114
Liabilities					
Accounts Payable	\$34,099	\$0	\$0	\$3,435	\$37,534
Contracts Payable	0	0	0	377,625	377,625
Accrued Wages and Benefits Payable	1,010,141	249,933	0	180,710	1,440,784
Interfund Payable	256,749	0	0	92,336	349,085
Intergovernmental Payable	380,283	45,350	0	8,969	434,602
Matured Severance Payable	46,168	0	0	0	46,168
Retainage Payable	0	0	0	33,310	33,310
Total Liabilities	1,727,440	295,283	0	696,385	2,719,108
Deferred Inflows of Resources					
Property Taxes	6,532,984	0	855,193	351,817	7,739,994
Unavailable Revenue	1,164,432	0	140,846	149,020	1,454,298
Total Deferred Inflows of Resources	7,697,416	0	996,039	500,837	9,194,292
Fund Balances					
Nonspendable:					
Inventories	33,602	0	0	17,369	50,971
Prepays	8,404	0	0	0	8,404
Restricted for:					
Debt Service	0	0	3,272,331	0	3,272,331
Capital Projects	0	0	0	1,556,147	1,556,147
Food Service Operations	0	0	0	243,855	243,855
Classroom Facilities Maintenance	0	0	0	151,102	151,102
Local Programs	0	0	0	43,514	43,514
State Programs	0	0	0	38,696	38,696
Student Athletics	0	0	0	47,061	47,061
Committed to:					
Termination Benefits	89,160	0	0	0	89,160
Assigned for:					
Purchases on Order	314,133	0	0	0	314,133
Capital Projects	1,152,867	0	0	0	1,152,867
Unassigned (Deficit)	5,805,620	0	0	(95,147)	5,710,473
Total Fund Balances	7,403,786	0	3,272,331	2,002,597	12,678,714
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$16,828,642	\$295,283	\$4,268,370	\$3,199,819	\$24,592,114

See accompanying notes to the basic financial statements

Martins Ferry City School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2022*

Total Governmental Fund Balances \$12,678,714

*Amounts reported for governmental activities in the
Statement of Net Position are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 40,575,798

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Delinquent Property Taxes	1,059,147	
Grants	104,641	
Tuition and Fees	290,510	
Total	1,454,298	1,454,298

In the Statement of Activities, interest is accrued on outstanding bonds and notes, whereas in the governmental funds, an interest expenditure is reported when due. (52,329)

Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources are therefore are not reported in the funds. (88,299)

Unamortized insurance premiums on the certificates of participation do not provide current financial resources, and therefore are not reported in the funds. 56,389

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

General Obligation Bonds - Serial	6,835,000	
Premium on Serial/Term Bonds	350,451	
Qualified Zone Academy Bonds	1,500,000	
Certificates of Participation	10,475,000	
Premium on Certificates of Participation	291,846	
Financed Purchases	1,319,000	
Compensated Absences	1,236,850	
Total	(22,008,147)	(22,008,147)

The net pension/OPEB (asset) liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:

Net OPEB Asset	1,333,891	
Deferred Outflows - Pension	4,928,195	
Deferred Outflows - OPEB	674,747	
Net Pension Liability	(10,488,519)	
Net OPEB Liability	(1,256,290)	
Deferred Inflows - Pension	(8,319,925)	
Deferred Inflows - OPEB	(2,269,299)	
Total	(15,397,200)	(15,397,200)

Net Position of Governmental Activities \$17,219,224

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$6,599,152	\$0	\$922,260	\$356,200	\$7,877,612
Intergovernmental	12,313,601	433,259	100,521	2,868,882	15,716,263
Investment Earnings	4,315	0	1,286	125	5,726
Tuition and Fees	311,889	0	0	0	311,889
Extracurricular Activities	0	0	0	236,298	236,298
Rent and Royalties	169,775	0	0	0	169,775
Contributions and Donations	100	0	0	17,150	17,250
Charges for Services	13,535	0	0	137,570	151,105
Miscellaneous	78,995	0	0	560	79,555
Total Revenues	19,491,362	433,259	1,024,067	3,616,785	24,565,473
Expenditures					
Current:					
Instruction:					
Regular	6,177,656	2,185,878	0	614,969	8,978,503
Special	1,805,514	959,180	0	559,340	3,324,034
Vocational	576,785	0	0	0	576,785
Student Intervention Services	81,390	0	0	61,453	142,843
Support Services:					
Pupil	768,595	0	0	227,971	996,566
Instructional Staff	485,967	0	0	0	485,967
Board of Education	137,997	0	0	0	137,997
Administration	1,519,615	0	0	19,786	1,539,401
Fiscal	656,571	0	16,376	6,056	679,003
Operation and Maintenance of Plant	1,532,113	0	0	96,035	1,628,148
Pupil Transportation	700,982	0	0	16,235	717,217
Central	98,868	0	0	5,400	104,268
Operation of Non-Instructional Services	0	0	0	140,142	140,142
Food Service Operations	0	0	0	659,847	659,847
Extracurricular Activities	478,674	0	0	245,717	724,391
Capital Outlay	23,755	0	0	925,350	949,105
Debt Service:					
Principal Retirement	115,000	0	232,433	0	347,433
Interest on Capital Appreciation Bonds	0	0	442,567	0	442,567
Interest and Fiscal Charges	73,753	0	649,107	0	722,860
Total Expenditures	15,233,235	3,145,058	1,340,483	3,578,301	23,297,077
Excess of Revenues Over (Under) Expenditures	4,258,127	(2,711,799)	(316,416)	38,484	1,268,396
Other Financing Sources (Uses)					
Transfers In	0	2,711,799	702,513	2,000	3,416,312
Transfers Out	(3,416,312)	0	0	0	(3,416,312)
Total Other Financing Sources (Uses)	(3,416,312)	2,711,799	702,513	2,000	0
Net Change in Fund Balances	841,815	0	386,097	40,484	1,268,396
Fund Balances Beginning of Year	6,561,971	0	2,886,234	1,962,113	11,410,318
Fund Balances End of Year	<u>\$7,403,786</u>	<u>\$0</u>	<u>\$3,272,331</u>	<u>\$2,002,597</u>	<u>\$12,678,714</u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022*

Net Change in Fund Balances - Total Governmental Funds \$1,268,396

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 exceeded capital asset additions in the current period.

Capital Assets Additions	884,690	
Depreciation Expense	(1,855,641)	
Total		(970,951)

Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.

Delinquent Property Taxes	411,695	
Grants	85,283	
Tuition and Fees	81,412	
Total		578,390

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt in the Statement of Activities, and the accretion of interest on capital appreciation bonds is reported in the Statement of Activities.

Accrued Interest	645	
Accretion on Capital Appreciation Bonds	(62,948)	
Total		(62,303)

Insurance premiums on debt issues are a component in the cost of issuance in the governmental funds, but are allocated as an expense over the life of the bonds in the Statement of Activities. (2,128)

The refunding difference is allocated as a reduction of expense in the Statement of Activities over the life of the bonds. (36,223)

Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds in the Statement of Activities. 324,395

Repayment of principal/accretion on capital appreciation bonds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Capital Appreciation Bonds	32,433	
Accretion on Capital Appreciation Bonds	442,567	
Certificates of Participation	200,000	
Capital Leases	115,000	
Total		790,000

Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Vacation Benefits Payable	(19,931)	
Compensated Absences	(43,298)	
Total		(63,229)

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	1,476,893	
OPEB	39,777	
Total		1,516,670

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

Pension	(384,299)	
OPEB	37,654	
Total		(346,645)

Change in Net Position of Governmental Activities \$2,996,372

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,160,971	\$6,417,175	\$6,418,291	\$1,116
Intergovernmental	12,430,848	12,297,091	12,347,086	49,995
Interest	4,000	4,315	4,315	0
Tuition and Fees	320,000	311,889	311,889	0
Rent and Royalties	0	169,775	169,775	0
Charges for Services	14,000	13,535	13,535	0
Contributions and Donations	0	100	100	0
Miscellaneous	202,000	78,995	78,995	0
Total Revenues	<u>19,131,819</u>	<u>19,292,875</u>	<u>19,343,986</u>	<u>51,111</u>
Expenditures				
Current:				
Instruction:				
Regular	5,936,436	6,112,954	6,112,954	0
Special	1,657,424	1,688,373	1,738,373	(50,000)
Vocational	570,000	591,115	591,115	0
Student Intervention Services	77,250	78,585	78,585	0
Support Services:				
Pupil	720,765	732,291	732,291	0
Instructional Staff	477,000	489,539	489,539	0
Board of Education	124,700	152,410	152,410	0
Administration	1,495,965	1,524,790	1,524,790	0
Fiscal	650,249	660,647	660,647	0
Operation and Maintenance of Plant	1,547,236	1,577,504	1,577,504	0
Pupil Transportation	693,783	846,109	846,109	0
Central	97,700	99,107	99,107	0
Extracurricular Activities	516,675	531,432	531,432	0
Capital Outlay	23,376	23,755	23,755	0
Debt Service:				
Principal Retirement	117,960	115,000	115,000	0
Interest and Fiscal Charges	67,793	68,162	73,753	(5,591)
Total Expenditures	<u>14,774,312</u>	<u>15,291,773</u>	<u>15,347,364</u>	<u>(55,591)</u>
Excess of Revenues Over Expenditures	<u>4,357,507</u>	<u>4,001,102</u>	<u>3,996,622</u>	<u>(4,480)</u>
Other Financing Sources (Uses)				
Advances In	196,599	196,599	196,599	0
Transfers Out	(3,618,000)	(3,473,092)	(3,473,092)	0
Advances Out	(53,000)	(53,802)	(53,802)	0
Total Other Financing Sources (Uses)	<u>(3,474,401)</u>	<u>(3,330,295)</u>	<u>(3,330,295)</u>	<u>0</u>
Net Change in Fund Balance	883,106	670,807	666,327	(4,480)
Fund Balance Beginning of Year	7,397,612	7,397,612	7,397,612	0
Prior Year Encumbrances Appropriated	245,137	245,137	245,137	0
Fund Balance End of Year	<u>\$8,525,855</u>	<u>\$8,313,556</u>	<u>\$8,309,076</u>	<u>(\$4,480)</u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Schoolwide Pool Fund
For the Fiscal Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	3,337,749	2,235,506	2,235,506	0
Special	0	967,134	967,134	0
Total Expenditures	3,337,749	3,202,640	3,202,640	0
Excess of Revenues Under Expenditures	(3,337,749)	(3,202,640)	(3,202,640)	0
Other Financing Sources				
Transfers In	2,980,736	3,342,601	3,202,640	(139,961)
Net Change in Fund Balance	(357,013)	139,961	0	(139,961)
Fund Balance Beginning of Year	0	0	0	0
Fund Balance End of Year	(\$357,013)	\$139,961	\$0	(\$139,961)

See accompanying notes to the basic financial statements

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Martins Ferry City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State Statute and/or federal guidelines.

The School District was established in 1853 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 12 square miles. It is located in Belmont County and includes all the city of Martins Ferry and portions of Pease and Colerain Townships. It is staffed by 52 non-certified employees, 100 certified full-time teaching personnel and 20 administrative employees, who provide services to 1,337 students and other community members. The School District currently operates 2 instructional/support buildings, 1 administrative building, and 1 bus garage facility.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Martins Ferry 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 for which the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The School District has no component units.

Parochial Schools – Within the School District boundaries, St. Mary's Central Elementary School is operated through the Steubenville Catholic Diocese; Martins Ferry Christian School is operated as a private school. Current State legislation provides funding to these parochial schools. These monies are received and distributed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activity of these State monies by the School Districts is reflected in a special revenue fund for financial reporting purposes.

The School District participates in the Belmont-Harrison Vocational School District, and the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), which are jointly governed organizations, the Ohio School Comp – OASBO/OSBA Workers' Compensation Group Retrospective Rating Program (GRRP), the Ohio School Plan (OSP), and the Portage Area School Consortium (Consortium), which are defined as insurance and purchasing pool. These organizations are presented in Notes 16 and 17.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District however has no business type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at 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 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.

Fund Accounting

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

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

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 according to the general laws of Ohio.

Schoolwide Pool Fund The Schoolwide Pool Fund is used to account for all financial resources required to operate the elementary school. The No Child Left Behind Act of 2001 provided the authority to pool all federal state and local funds necessary to upgrade the instructional program of school buildings where forty percent or greater of the student are from low-income families. The fund is utilized to pay all costs associated with operating the elementary school.

Debt Service Fund The Debt Service Fund accounts for and reports property tax revenues restricted for the payment of, general long-term debt principal and interest.

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 has no proprietary funds.

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's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District as fiscal agent for locally hosted tournaments for the Ohio High School Athletic Association. The School District had no fiduciary activity to report in fiscal year 2022.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, all liabilities, and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the 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

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 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, fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

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Notes to the Basic Financial Statements
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Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. 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 fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. See Notes 11 and 12.

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

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

Cash and Cash Equivalents

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

During fiscal year 2022, investments were limited to money market mutual funds, which are measured at net asset value per share.

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2022 amounted to \$4,315, which includes \$1,173 assigned from other School District funds.

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Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in governmental funds represent unexpended revenues restricted for amounts in a debt service fiscal agent account restricted by debt covenants for future debt service payments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds and 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 year. The School District was able to estimate the historical cost for the initial reporting of 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 capital 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:

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Construction in Progress	N/A
Land Improvements	5 - 50 Years
Buildings and Improvements	20 - 50 Years
Furniture and Equipment	5-20 Years
Vehicles	5 - 20 Years

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Notes to the Basic Financial Statements
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Interfund Balances

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

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 employer 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 with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employee will be paid.

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

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Unamortized Debt Insurance Premium, Discounts, Premiums, and Issuance Costs

On the government wide financial statements, insurance premiums, premiums on issuance and discounts on issuance are amortized over the term of the bonds (or other debt instrument) using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements debt insurance premiums, debt premiums, debt discounts and debt issuance costs are recognized in the period in which the debt is issued.

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

Bond issuance costs are expensed in the funds in the period the bonds are issued.

Internal Activity

Transfers within government activities on the government-wide financial statements are reported in the same manner as general revenue.

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

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

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 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 or enabling legislation (School District resolutions).

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. For fiscal year 2022, the School District has committed fund balances for termination benefits.

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 Board of Education to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The amount assigned in the General Fund represent amounts for purchases on order and amounts for capital projects.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Net Position

Net position represent 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 borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs.

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

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Notes to the Basic Financial Statements
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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 with the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred in fiscal year 2022.

Estimates

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

Budgetary Data

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's 2022 financial statements, however they had no impact on beginning net position.

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The School District is also implementing *Implementation Guide No. 2020-1*, GASB Statement No. 92 – *Omnibus 2020*, and GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Among other items, GASB 97 requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan. These changes were incorporated in the School District’s 2022 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - 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 (Non GAAP basis) and Actual presented for the General and Schoolwide Pool Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. 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 restricted, committed, or unassigned fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transfers (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).
5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and the Schoolwide Pool Special Revenue Fund.

	Net Change in Fund Balance	
	General	Schoolwide Pool
GAAP Basis	\$841,815	\$0
Revenue Accruals	(147,376)	(433,259)
Advances In	196,599	0
Transfers In	0	490,841
Expenditure Accruals	182,769	(57,582)
Advances Out	(53,802)	0
Transfers Out	(56,780)	0
Encumbrances	(296,898)	0
Budget Basis	\$666,327	\$0

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NOTE 5 - CASH AND CASH EQUIVALENTS

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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
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;

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7. 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, 2022, \$3,621,491 of the School District's total bank balance of \$13,615,675 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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, 2022, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
Money Market Mutual Fund	\$456,596	Less than one year	AAAm	100.00%

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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2022. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

At June 30, 2022, the School District had investments with fiscal and escrow agents for the debt service sinking escrow account held by a fiscal agent. See Note 15 for more information.

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

Credit Risk. The School District has no investment policy that addresses credit risk.

NOTE 6 - 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 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law 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 year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 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 Belmont 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, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2022 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 yearend. 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, 2022, was \$421,330 in the General Fund, \$71,145 in the Debt Service Fund, \$4,996 in the Classroom Maintenance Special Revenue Fund, and \$14,990 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2021, was \$240,469 in the General Fund, \$44,471 in the Debt Service Fund, \$3,204 in the Classroom Maintenance Special Revenue Fund, and \$9,614 in the Permanent Improvement Capital Projects 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 the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$167,495,940	67.7%	\$191,858,100	69.1%
Public Utility Personal	80,047,180	32.3%	85,612,720	30.9%
Total Assessed Values	\$247,543,120	100.0%	\$277,470,820	100.0%

Tax Rate per \$1,000 of assessed valuation	\$40.05	\$39.55
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The decrease in the tax rates was due to an adjustment for the bond retirement levy. Bond retirement levy rates are adjusted based upon amounts necessary for the retirement of debt service in order to collect the fixed amount approved.

NOTE 7 - RECEIVABLES

Receivables at June 20, 2022, consisted primarily of property taxes, intergovernmental grants and tuition and fees.

All receivables, except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

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<u>Governmental Activities:</u>	<u>Amounts</u>
Medicaid Reimbursement	\$5,531
Title I Non-Competitive Grant	1,500
Title I-A Improve Basic Programs	38,534
Early Childhood Education	21,005
ESSER II Grant	192,702
ARP ESSER III Grant	406,148
State Foundation Fiscal Year 2022 Adjustment	2,583
Excess Costs from Other School Districts	290,510
	<hr/>
Total Intergovernmental Receivables	<u><u>\$958,513</u></u>

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2022, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>		<u>Total</u>
	<u>General Fund</u>	<u>Schoolwide Pool Fund</u>	
General Fund	\$0	\$256,749	\$256,749
Other Nonmajor			
Governmental Funds	53,802	38,534	92,336
Total	<u><u>\$53,802</u></u>	<u><u>\$295,283</u></u>	<u><u>\$349,085</u></u>

The balance due to the General Fund is for cash advances made to alleviate fund deficits until grant moneys are received to support the programs. The balance due to the Schoolwide Pool Special Revenue Fund from the General and Other Governmental Funds are for costs associated with the operation of the elementary school in accordance with the Schoolwide program that will be transferred as cash is needed to fund the program.

Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u> <u>General Fund</u>
Schoolwide Pool Fund	\$2,711,799
Debt Service Fund	702,513
Other Nonmajor	
Governmental Funds	2,000
Total	<u><u>\$3,416,312</u></u>

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Transfers were used to move receipts from the General Fund to the Schoolwide Pool Special Revenue Fund in accordance with the schoolwide program. Transfers from the General Fund to the Debt Service Fund were for the annual debt service sinking payments to the QZAB debt service escrow account, as well as to provide for the annual debt service payments on the 2019 Certificates of Participation. Transfers from the General Fund to Other Nonmajor Governmental Funds were used to provide additional resources for student activities.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance 6/30/21	Additions	Deletions	Balance 6/30/22
Nondepreciable Capital Assets:				
Land	\$2,436,556	\$0	\$0	\$2,436,556
Construction in Progress	0	780,190	0	780,190
Total Nondepreciable Capital Assets	2,436,556	780,190	0	3,216,746
Depreciable Capital Assets:				
Land Improvements	7,815,454	29,200	0	7,844,654
Buildings and Improvements	47,233,903	75,300	0	47,309,203
Furniture and Equipment	2,249,139	0	0	2,249,139
Vehicles	1,383,367	0	0	1,383,367
Total Depreciable Capital Assets	58,681,863	104,500	0	58,786,363
Accumulated Depreciation:				
Land Improvements	(2,696,576)	(354,594)	0	(3,051,170)
Buildings and Improvements	(13,888,485)	(1,395,402)	0	(15,283,887)
Furniture and Equipment	(2,075,315)	(31,974)	0	(2,107,289)
Vehicles	(911,294)	(73,671)	0	(984,965)
Total Accumulated Depreciation	(19,571,670)	(1,855,641)	0	(21,427,311)
Total Depreciable Capital Assets, Net	39,110,193	(1,751,141)	0	37,359,052
Governmental Capital Assets, Net	\$41,546,749	(\$970,951)	\$0	\$40,575,798

Depreciation expense was charged to governmental functions as follows:

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Instruction:	
Regular	\$727,767
Special	181,579
Vocational	10,748
Support Services:	
Pupil	27,008
Instructional Staff	90,026
Administration	128,388
Fiscal	18,005
Operation and Maintenance of Plant	230,014
Pupil Transportation	139,397
Food Service Operations	119,193
Extracurricular Activities	183,516
Total Depreciation Expense	\$1,855,641

NOTE 10 - RISK MANAGEMENT

Property, Fleet and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022 the School District continued to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP (See Note 17). The School District contracted with the Ohio School Plan for liability, property, and fleet insurance. Coverage provided follows:

<i>Property:</i>	
Building and Contents - replacement cost (\$1,000 Deductible)	\$55,390,816
<i>Commercial Auto Coverage:</i>	
Auto Liability-Combined Single Limit	3,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000
Comprehensive	1,000 deductible
Collision	1,000 deductible
<i>Commercial Crime:</i>	
Employee Theft - Per Employee (\$1,000 Deductible)	100,000
Forgery or Alteration - Per Occurance (\$1,000 Deductible)	25,000
Inside / Outside the Premises - Theft (\$1,000 Deductible)	10,000

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Educational General Liability:

Bodily Injury and Property Damage - Each Occurrence and Sexual Abuse Injury Limit - Each Sexual Abuse Offense	\$3,000,000
Personal and Advertising Injury - Each Offense Limit	3,000,000
Fire Damage - Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
Each Accident Limit	10,000
General Aggregate Limit	5,000,000
Products-Completed Operations Aggregate Limit	3,000,000
<i>Employers Liability - Stop Gap - Occurrence:</i>	
Bodily Injury by Accident - Each Accident Limit	3,000,000
Bodily Injury by Disease - Endorsement Limit	3,000,000
Bodily Injury by Disease - Each Employee Limit	3,000,000
<i>Employee Benefits Liability - Claims Made:</i>	
Each Offense Limit	3,000,000
Aggregate Limit	5,000,000
<i>Educational Legal Liability - Claims Made:</i>	
Errors and Omissions Injury Limit (\$2,500 Deductible)	3,000,000
Errors and Omissions Injury Aggregate Limit	5,000,000

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

Flood Insurance

The School District contracted with Hartford Insurance Company of the Midwest for flood coverage. The School District's flood insurance includes \$158,000 on buildings and \$17,000 on contents at the football facility with \$5,000 deductible on each, \$62,700 with \$5,000 deductible for the restrooms and ticket booth, and \$19,000 with \$5,000 deductible for the concession stand.

Worker's Compensation

For fiscal year 2022, the School District participated in the Ohio School Comp – OASBO/OSBA Workers' Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool (Note 17). The intent of the GRRP 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 GRRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRRP rather than its individual rate. Participation in the GRRP is limited to members that can meet the GRRP's selection criteria. The firm of Health Management Solutions provides administrative, cost control, and actuarial services to the GRRP.

Employee Benefits

Medical/surgical and prescription drug insurance is offered to all employees through the Portage Area Schools Consortium (Consortium) for health insurance for the School District's employees. The Consortium was established in 1981 so that thirteen educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Consortium currently has 20 members. The Consortium has organized into two distinct entities to facilitate its risk management operations. The Portage Area Schools Consortium Property and Casualty Insurance Pool functions to manage the School District's physical property and liability risk. The Portage Area Schools Consortium

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Health and Welfare Trust is organized under provisions of Section 501 (c) (9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits, coverage such as health and accident insurance, disability insurance and life insurance. The School District participates in the Portage Area Schools Consortium Health and Welfare Trust. A third-party administrator is retained by the consortium to facilitate the operation of the Portage Area Schools Consortium Health and Welfare Trust. The School District pays all insurance premiums directly to the Consortium; one of its administrators serves as a trustee of the consortium's governing board as provided in the Consortium's enabling authority. The School District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted.

During fiscal year 2022, the School District provided medical/surgical and prescription drug coverage for all eligible employees through the Portage Area School Consortium. The medical/surgical coverage is based on a usual, customary, and reasonable claim plan, carried through United Healthcare with a premium rate of \$2,520.54 for a family plan and \$1,008.23 for a single plan. The Board pays 92.5 percent of the premiums for certified staff. The Board pays 92.5 percent of the premiums for classified staff, hired prior to July 1, 2014 who work 35 – 40 hours per week. The Board pays 90 percent of the premiums for classified staff, hired after July 1, 2014 who work 35 – 40 hours per week. Employees who work less than a 35 hour work week, receive a benefit where, the Board's share of the premium is calculated on a declining scale.

NOTE 11 - 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) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of

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

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 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. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

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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, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$331,711 for fiscal year 2022. Of this amount \$5,873 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 years 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, 2026, 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

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contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,145,182 for fiscal year 2022. Of this amount \$108,760 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, 2021, 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>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.065032600%	0.063265043%	
Prior Measurement Date	<u>0.059402700%</u>	<u>0.061816330%</u>	
Change in Proportionate Share	<u>0.005629900%</u>	<u>0.001448713%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,399,515	\$8,089,004	\$10,488,519
Pension Expense	\$117,944	\$266,355	\$384,299

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$231	\$249,910	\$250,141
Changes of assumptions	50,527	2,244,035	2,294,562
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	254,651	651,948	906,599
School District contributions subsequent to the measurement date	<u>331,711</u>	<u>1,145,182</u>	<u>1,476,893</u>
Total Deferred Outflows of Resources	<u>\$637,120</u>	<u>\$4,291,075</u>	<u>\$4,928,195</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$62,229	\$50,702	\$112,931
Net difference between projected and actual earnings on pension plan investments	<u>1,235,820</u>	<u>6,971,174</u>	<u>8,206,994</u>
Total Deferred Inflows of Resources	<u>\$1,298,049</u>	<u>\$7,021,876</u>	<u>\$8,319,925</u>

\$1,476,893 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2023	(\$128,823)	(\$920,202)	(\$1,049,025)
2024	(190,662)	(752,198)	(942,860)
2025	(293,834)	(876,244)	(1,170,078)
2026	<u>(379,321)</u>	<u>(1,327,339)</u>	<u>(1,706,660)</u>
Total	<u>(\$992,640)</u>	<u>(\$3,875,983)</u>	<u>(\$4,868,623)</u>

Actuarial Assumptions - SERS

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

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

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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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 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, 2020.

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

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 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 (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$3,992,203	\$2,399,515	\$1,056,331

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

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Post-retirement 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. 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 June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	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	<u>100.00%</u>	

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and 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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School's proportionate share of the net pension liability	\$15,147,678	\$8,089,004	\$2,124,441

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

NOTE 12 - DEFINED BENEFIT OPEB PLANS

See note 11 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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 2022, 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

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was earned. For fiscal year 2022, this amount was \$25,000. 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 2022, the School District’s surcharge obligation was \$39,777.

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 \$39,777 for fiscal year 2022. Of this amount \$39,777 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan 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, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.066379600%	0.063265043%	
Prior Measurement Date	<u>0.061000600%</u>	<u>0.061816330%</u>	
Change in Proportionate Share	<u>0.005379000%</u>	<u>0.001448713%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,256,290	\$0	\$1,256,290
Net OPEB (Asset)	\$0	(\$1,333,891)	(\$1,333,891)
OPEB Expense	\$39,106	(\$76,760)	(\$37,654)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$13,392	\$47,495	\$60,887
Changes of assumptions	197,082	85,203	282,285
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	248,505	43,293	291,798
School District contributions subsequent to the measurement date	<u>39,777</u>	<u>0</u>	<u>39,777</u>
Total Deferred Outflows of Resources	<u>\$498,756</u>	<u>\$175,991</u>	<u>\$674,747</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$625,687	\$244,393	\$870,080
Changes of assumptions	172,038	795,763	967,801
Net difference between projected and actual earnings on OPEB plan investments	27,293	369,732	397,025
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>34,393</u>	<u>0</u>	<u>34,393</u>
Total Deferred Inflows of Resources	<u>\$859,411</u>	<u>\$1,409,888</u>	<u>\$2,269,299</u>

\$39,777 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, 2023. 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:			
2023	(\$88,915)	(\$347,935)	(\$436,850)
2024	(89,107)	(338,681)	(427,788)
2025	(102,078)	(343,760)	(445,838)
2026	(84,894)	(153,136)	(238,030)
2027	(29,686)	(51,720)	(81,406)
Thereafter	<u>(5,752)</u>	<u>1,335</u>	<u>(4,417)</u>
Total	<u>(\$400,432)</u>	<u>(\$1,233,897)</u>	<u>(\$1,634,329)</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.

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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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, 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, 2020.

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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 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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, 7.00 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 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 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$1,556,693	\$1,256,290	\$1,016,303
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$967,239	\$1,256,290	\$1,642,369

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Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	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, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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 11.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and 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, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

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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, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,125,598)	(\$1,333,891)	(\$1,507,889)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,500,839)	(\$1,333,891)	(\$1,127,446)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. 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. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave up to maximum of 55 days for all employees.

Health/Life Insurance

The School District provides dental insurance to all employees through Coresource Inc., which is 100 percent Board paid for the certified employees and on a declining scale paid by the Board for the non-certificated employees at a premium of \$85.62. Life insurance is provided by Grady Enterprises in the amount of \$50,000 for superintendent, \$50,000 for the treasurer, \$25,000 for certified and administrative employees and \$20,000 for the classified employees. The Board pays 100 percent of the monthly premium of \$2.50 for certified and administrative employees and 100 percent of the monthly premium of \$2.00 for non-certified employees. Vision insurance is provided through Vision Benefits of America which is 100 percent Board paid for the certified employees and on a declining scale paid by the Board for the non-certificated employees at a premium of \$9.79 for a single plan and \$27.19 for a family plan.

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NOTE 14 – COMMITMENTS

Encumbrances

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

General	\$296,898
Other Non-Major Governmental Funds	<u>2,483,228</u>
 Total	 <u><u>\$2,780,126</u></u>

Construction Commitments

At June 30, 2022, the School District had the following construction commitments.

<u>Project</u>	<u>Fund</u>	<u>Contract Amount</u>	<u>Amount Completed as of 6/30/2022</u>	<u>Amount Remaining on Contract</u>
Track Rehabilitation	Permanent Improvement Elementary and Secondary	\$236,731	\$39,188	\$197,543
High School Slab Heave	School Emergency Relief	1,465,100	741,002	724,098
Total		<u>\$1,701,831</u>	<u>\$780,190</u>	<u>\$921,641</u>

NOTE 15 - LONG - TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2022 were as follows:

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	Principal Outstanding 6/30/21	Additions	Deductions	Principal Outstanding 6/30/22	Amounts Due In One Year
General Obligation Bonds:					
<i>2012 Refunding Bonds</i>					
Capital Appreciation Bonds, \$294,992 @ 6.828%-20.854%	\$32,433	\$0	\$32,433	\$0	\$0
CAB Accretion, \$2,020,008	379,619	62,948	442,567	0	0
Premium, \$1,589,927	280,782	0	280,782	0	0
Total 2012 Bonds	692,834	62,948	755,782	0	0
<i>2019 Refunding Bonds</i>					
Serial Bonds, \$6,190,000 @ 2.375%-4.0%	6,835,000	0	0	6,835,000	495,000
Premium, \$456,402	383,051	0	32,600	350,451	0
Total 2019 Bonds	7,218,051	0	32,600	7,185,451	495,000
Direct Borrowing and Direct Placement Bonds:					
<i>2016 Qualified Zone Academy Bonds (QZAB)</i>					
\$1,500,000 @ 0%	1,500,000	0	0	1,500,000	0
Total General Obligation Bonds	9,410,885	62,948	788,382	8,685,451	495,000
<i>2019 Certificates of Participation (COPS)</i>					
Serial/Term \$11,000,000 @ 3.625%-5.00%	10,675,000	0	200,000	10,475,000	210,000
Premium	302,859	0	11,013	291,846	0
Total Certificates of Participation	10,977,859	0	211,013	10,766,846	210,000
Financed Purchases	1,434,000	0	115,000	1,319,000	121,000
Net Pension Liability					
SERS	3,929,019	0	1,529,504	2,399,515	0
STRS	14,957,352	0	6,868,348	8,089,004	0
Total Net Pension Liability	18,886,371	0	8,397,852	10,488,519	0
Net OPEB Liability					
SERS	1,325,744	0	69,454	1,256,290	0
Compensated Absences	1,193,552	641,280	597,982	1,236,850	51,715
Total General Long-Term Obligations	\$43,228,411	\$704,228	\$10,179,683	\$33,752,956	\$877,715

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2012 General Obligation Refunding Bonds – On April 19, 2012, Martins Ferry City School District issued \$8,484,992 of general obligation bonds. The bonds were issued to refund \$8,485,000 of outstanding 2005 School Construction and Improvement General Obligation Serial and Term Bonds. The bonds were issued for a 21 year period with final maturity at December 1, 2032. At the date of refunding, \$9,829,973 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2005 School Construction and Improvement General Obligation Serial and Term Bonds. The refunded bonds were fully called and repaid on June 1, 2015, through the escrow account.

These refunding bonds were issued with a premium of \$1,589,927, and a discount of \$79,106. These amounts are being amortized to interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method.

The 2012 bond issue consisted of serial and capital appreciation bonds, \$8,190,000 and \$294,992, respectively. The remaining serial bonds were refunded with the issuance of the 2019 refunding bonds.

The capital appreciation bonds for this issue mature December 1, 2017 through December 1, 2021. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$950,000. The accretion recorded for fiscal year 2022 was \$62,948, prior to final retirement of the bonds during the fiscal year.

As part of the refunding bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of Aa2 from Moody's Investors Service for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

The 2012 General Obligation Refunding Bonds were fully retired during fiscal year 2022.

2019 General Obligation Refunding Bonds – On March 13, 2019, the School District issued \$6,910,000 of general obligation serial bonds. The bonds were issued to partially refund the 2012 Refunding Bonds, as well as pay the cost of issuance of these bonds. The \$6,910,000 of the 2019 bond issue, were used to refund \$7,115,000 of Serial Bonds. The refunding bond proceeds were deposited in an irrevocable trust fund with The Huntington National Bank, as escrow trustee, in accordance with the terms of an escrow agreement. The escrow trustee purchased non-callable direct obligations of the United States of America that matured or were subject to redemption in amounts sufficient to defease the refunded bonds when they were called for redemption on June 1, 2019. The 2019 School Improvement Bonds were issued for a 14 year period with final maturity at December 1, 2032. The issue resulted in a refunding difference of \$108,669 that is reported as a deferred outflow on the Statement of Net Position. The refunding difference will be amortized annually through fiscal year 2022. For fiscal year 2022, amortization was \$36,223, with nothing of the refunding difference remaining. The 2022 Bonds are not subject to redemption prior to their stated maturity.

As part of the refunding bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of Aa2 from Moody's Investors Service for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Principal and interest requirements to retire the 2019 Refunding Bonds outstanding at June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$495,000	\$215,716	\$710,716
2024	510,000	203,781	713,781
2025	515,000	191,609	706,609
2026	560,000	178,844	738,844
2027	575,000	160,694	735,694
2028-2032	3,385,000	494,091	3,879,091
2033	795,000	15,900	810,900
Total	<u>\$6,835,000</u>	<u>\$1,460,635</u>	<u>\$8,295,635</u>

2016 Qualified Zone Academy Bonds – On October 1, 2015, the School District issued \$1,500,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), to be used to fund energy saving projects throughout the School District and to create a STEM Academy. The QZAB matures in 2035, with the entire principal balance coming due at maturity. The QZAB does not bear interest. As part of the issuance, the School District is required to place \$75,000 of base lease payments, annually, beginning on June 1, 2016, into a debt service sinking escrow account held by a fiscal agent. The base lease payments will be invested, and the balance in the account will be used for the final bond repayment in 2035. The value of the fiscal agent account is recorded as restricted investments with fiscal agents in the debt service fund. These bonds, from direct placements, include provisions in the event of default that the bank may (1) terminate the lease and take possession of the property, (2) sell or lease or sublease its interest in the property while holding the School District liable for all base lease payments due during the then-current term, (3) direct the School District to pay all amounts on deposit in the sinking escrow fund, or (4) exercise any other means under appropriate statute or court order to enforce the terms.

2019 Certificates of Participation - On March 20, 2019, the School District issued \$11,000,000 in Certificates of Participation (COPs) which include serial and term certificated in the amount of \$3,785,000 and \$7,215,000, for the purpose of a roof replacement, a floor repair, and a hill slip. The COPs issuance included a premium of \$330,392, and an insurance premiums of \$63,837 which are amortized over the life of the COPs. The amortization of the premium and the insurance premium amounted to \$11,013 and \$2,128, respectively during the fiscal year. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term expiring June 30, 2019 which includes the right to renew for 30 successive one-year terms through December 1, 2048 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component ranging from 3.625 to 5.00 percent. The School District has the option to purchase the project facilities on any lease payment date by paying the amount necessary to defease the indenture.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The Certificates maturing on or after December 1, 2024 are subject to redemption at the option of the Trustee, under the direction of the School District, either in whole or in part, in such order as the Trustee shall determine under the direction of the School District, on any date on or after June 1, 2024, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The Term Certificates maturing on December 1, 2036 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2034	\$365,000
2035	380,000

The remaining principal amount of such Term Certificates (\$395,000) will be paid at stated maturity on December 1, 2036.

The Term Certificates maturing on December 1, 2038 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2037	\$415,000

The remaining principal amount of such Term Certificates (\$430,000) will be paid at stated maturity on December 1, 2038.

The Term Certificates maturing on December 1, 2043 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2039	\$445,000
2040	460,000
2041	475,000
2042	490,000

The remaining principal amount of such Term Certificates (\$510,000) will be paid at stated maturity on December 1, 2043.

The Term Certificates maturing on December 1, 2048 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Year	Principal Amount to be Redeemed
2044	\$530,000
2045	550,000
2046	570,000
2047	590,000

The remaining principal amount of such Term Certificates (\$610,000) will be paid at stated maturity on December 1, 2048.

Principal and interest requirements to retire the 2021 Certificates of Participation outstanding at June 30, 2022 are as follows:

Serial and Term Certificates			
Fiscal Year	Principal	Interest	Total
2023	\$210,000	\$419,313	\$629,313
2024	215,000	410,813	625,813
2025	225,000	400,888	625,888
2026	235,000	389,388	624,388
2027	250,000	377,263	627,263
2028-2032	1,440,000	1,681,815	3,121,815
2033-2037	1,825,000	1,291,240	3,116,240
2038-2042	2,225,000	903,826	3,128,826
2043-2047	2,650,000	464,905	3,114,905
2048-2049	1,200,000	43,862	1,243,862
Totals	\$10,475,000	\$6,383,313	\$16,858,313

During fiscal year 2005, the School District entered into a financed purchase contract to finance the construction of a new grandstand facility at the stadium. The financed purchase arrangement is through the OASBO Expanded Asset Pooled Financing Program with the Columbus Regional Airport Authority as the financier. During fiscal year 2008, the School District entered into two additional financed purchases through the OASBO Expanded Asset Pooled Financing Program with the Columbus Regional Airport Authority to finance additional project costs associated with the classroom facilities project. Financed purchases will be paid from the General Fund.

Future minimum payments through 2032 are as follows:

Fiscal Year Ending	Principal	Interest and Fiscal Charges	Total
2023	\$121,000	\$65,223	\$186,223
2024	126,000	59,207	185,207
2025	133,000	52,921	185,921
2026	139,000	46,315	185,315
2027	146,000	39,367	185,367
2028-2032	654,000	97,540	751,540
Total	\$1,319,000	\$360,573	\$1,679,573

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The School District's overall legal debt margin was \$21,409,705, with an unvoted debt margin of \$277,471 at June 30, 2022.

Compensated absences will be paid from the General Fund.

There is no repayment schedule for the net pension liability or the net OPEB liability. However, employer pension contributions are made from the following funds: General Fund, Miscellaneous State Grant, Schoolwide Pool, and the Food Service Special Revenue Funds. For additional information related to the net pension/OPEB liability, See Note 11 and Note 12.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Belmont-Harrison Vocational School District – The Belmont-Harrison Vocational School District 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 seven participating school district's elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2022, the School District made no contributions to the Belmont-Harrison Vocational School District. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at 68090 Hammond Road, St. Clairsville, Ohio 43950.

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2022, the total amount paid to the Council from the School District was \$26,116 for technology services and \$48,334 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Comp - OASBO/OSBA Workers' Compensation Group Retrospective Rating Program (GRRP) - The School District participates in the Ohio School Comp – OASBO/OSBA Workers' Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The GRRP'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 GRRP to cover the costs of administering the program. The School District's enrollment fee of \$925 for policy year 2022 was paid to Paramount Preferred Solutions.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Ohio School Plan (OSP) – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP’s business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Paramount Preferred Solutions and a partner of the Paramount Preferred Solutions. Paramount Preferred Solutions is the Administrator of the OSP and is responsible for processing claims. Paramount Preferred Solutions is the sales and marketing representative, which establishes agreements between OSP and member schools.

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

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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 purchase of the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Pursuant to State Statute, the Board of Education expended all of the amounts previously set-aside for the budget reserve.

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2021	\$0
Current Year Set-aside Requirement	244,540
Current Year Offsetting Revenue	(349,031)
Current Year Qualifying Expenditures	(172,820)
Totals	<u>(\$277,311)</u>
Balance Carried Forward to Fiscal Year 2023	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2022	<u>\$0</u>

The School District had offsets and qualifying expenditures during the current fiscal year that reduced the set-aside amount for capital improvements to below zero. This excess may not be carried forward to offset future year set-aside requirements. The School District also has prior year capital expenditures paid from debt proceeds in connection with a school facilities project and an energy conservation project that may be carried forward to offset future set-aside requirements.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 19 - CONTINGENCIES

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2022.

State Foundation Funding

In fiscal year 2022, 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 for fiscal year 2022 were finalized in November 2022.

Litigation

The School District is not currently party to pending litigation.

Oil/Gas Leases

As of June 30, 2022, the School District entered into “Paid-Up” Oil and Gas Leases as follows:

<u>Effective Date</u>	<u>Lease Term</u>	<u>Company</u>	<u>Lease Acres</u>	<u>Bonus Payment</u>	<u>Date(s) of Bonus Payment</u>	<u>% of Royalty</u>
10/13/15	5 years	Ascent Resources-Utica, LLC	0.794	4,762	1/27/2016	20%
6/6/17	5 years	Gulfport Energy Corp	1.000	4,500	6/16/2017	18%

Royalties are paid for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products. As of the date of the financial statements, the full value of any royalties cannot be determined.

The total carrying value of the land leased is \$2,436,556.

NOTE 20 - ACCOUNTABILITY

At June 30, 2022, the School District had the following fund balance deficits:

Elementary and Secondary School Emergency Relief Fund	\$95,147
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This deficit is 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.

Martins Ferry City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 21 - 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, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.065032600%	0.059402700%	0.056330400%	0.058897300%	0.053141300%
School District's Proportionate Share of the Net Pension Liability	\$2,399,515	\$3,929,019	\$3,370,347	\$3,373,159	\$3,175,077
School District's Covered Payroll	\$2,244,757	\$2,082,521	\$1,932,452	\$1,895,467	\$1,736,929
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.89%	188.67%	174.41%	177.96%	182.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%	69.50%

(1) Although this schedule is intended to reflect information for ten years, the information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to required supplementary information

2017	2016	2015	2014
0.051028800%	0.049871800%	0.051401000%	0.051401000%
\$3,734,837	\$2,845,733	\$2,601,375	\$3,056,653
\$1,574,150	\$1,486,768	\$1,490,339	\$1,414,246
237.26%	191.40%	174.55%	216.13%
62.98%	69.16%	71.70%	65.52%

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

	2022	2021	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.063265043%	0.061816330%	0.058921630%	0.057689990%	0.056967560%
School District's Proportionate Share of the Net Pension Liability	\$8,089,004	\$14,957,352	\$13,030,164	\$12,684,734	\$13,532,767
School District's Covered Payroll	\$7,838,007	\$7,435,800	\$6,955,650	\$6,217,636	\$6,663,364
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.20%	201.15%	187.33%	204.01%	203.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%	75.30%

(1) Although this schedule is intended to reflect information for ten years, the information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to required supplementary information

2017	2016	2015	2014
0.055554340%	0.055288920%	0.056127050%	0.056127050%
\$18,595,712	\$15,280,240	\$13,652,041	\$16,262,221
\$5,871,371	\$5,598,221	\$5,717,062	\$5,659,300
316.72%	272.95%	238.79%	287.35%
66.80%	72.10%	74.70%	69.30%

Martins Ferry City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Six Fiscal Years (1)**

	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.06637960%	0.06100060%	0.05746660%	0.05949410%	0.05348710%	0.05128580%
School District's Proportionate Share of the Net OPEB Liability	\$1,256,290	\$1,325,744	\$1,445,165	\$1,650,526	\$1,435,453	\$1,461,835
School District's Covered Payroll	\$2,244,757	\$2,082,521	\$1,932,452	\$1,895,467	\$1,736,929	\$1,574,150
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	55.97% #	63.66% #	74.78% #	87.08%	82.64%	92.87%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to required supplementary information

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

	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.063265043%	0.061816330%	0.058921630%	0.057689990%	0.056967560%	0.055554340%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,333,891)	(\$1,086,421)	(\$975,883)	(\$927,019)	\$2,222,664	\$2,971,061
School District's Covered Payroll	\$7,838,007	\$7,435,800	\$6,955,650	\$6,217,636	\$6,663,364	\$5,871,371
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-17.02%	-14.61%	-14.03%	-14.91%	33.36%	50.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to required supplementary information

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$331,711	\$314,266	\$291,553	\$260,881
Contributions in Relation to the Contractually Required Contribution	<u>(331,711)</u>	<u>(314,266)</u>	<u>(291,553)</u>	<u>(260,881)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,369,364	\$2,244,757	\$2,082,521	\$1,932,452
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$39,777	\$39,515	\$36,154	\$43,515
Contributions in Relation to the Contractually Required Contribution	<u>(39,777)</u>	<u>(39,515)</u>	<u>(36,154)</u>	<u>(43,515)</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>1.68%</u>	<u>1.76%</u>	<u>1.74%</u>	<u>2.25%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.68%</u>	<u>15.76%</u>	<u>15.74%</u>	<u>15.75%</u>

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

(2) Includes Surcharge

See accompanying notes to required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$255,888	\$243,170	\$220,381	\$195,956	\$206,561	\$195,732
<u>(255,888)</u>	<u>(243,170)</u>	<u>(220,381)</u>	<u>(195,956)</u>	<u>(206,561)</u>	<u>(195,732)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,895,467	\$1,736,929	\$1,574,150	\$1,486,768	\$1,490,339	\$1,414,246
<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>
\$40,476	\$27,121	\$24,122	\$36,499	\$25,919	\$24,663
<u>(40,476)</u>	<u>(27,121)</u>	<u>(24,122)</u>	<u>(36,499)</u>	<u>(25,919)</u>	<u>(24,663)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.14%</u>	<u>1.56%</u>	<u>1.53%</u>	<u>2.45%</u>	<u>1.74%</u>	<u>1.74%</u>
<u>15.64%</u>	<u>15.56%</u>	<u>15.53%</u>	<u>15.63%</u>	<u>15.60%</u>	<u>15.58%</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$1,145,182	\$1,097,321	\$1,041,012	\$973,791
Contributions in Relation to the Contractually Required Contribution	<u>(1,145,182)</u>	<u>(1,097,321)</u>	<u>(1,041,012)</u>	<u>(973,791)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$8,179,871	\$7,838,007	\$7,435,800	\$6,955,650
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>

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

See accompanying notes to required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$870,469	\$932,871	\$821,992	\$783,751	\$743,218	\$735,709
<u>(870,469)</u>	<u>(932,871)</u>	<u>(821,992)</u>	<u>(783,751)</u>	<u>(743,218)</u>	<u>(735,709)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,217,636	\$6,663,364	\$5,871,371	\$5,598,221	\$5,717,062	\$5,659,300
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$57,171	\$56,593
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(57,171)</u>	<u>(56,593)</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>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Martins Ferry City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

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

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

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

Martins Ferry City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	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	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring 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 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Martins Ferry City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

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

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

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

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.

Martins Ferry City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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.

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

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**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR/ Pass-Through Grantor Program/ Cluster Title	Federal AL Number	Pass-through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program - Food Donation	10.555	N/A	\$0	\$40,366
Cash Assistance:				
School Breakfast Program	10.553	044347-05PU-22	0	169,326
National School Lunch Program	10.555	044347-LLP4-22	0	363,458
National School Lunch Program- Covid-19	10.555	044347-LLP4-22	0	43,777
Cash Assistance Subtotal			<u>0</u>	<u>576,561</u>
Total Child Nutrition Cluster			0	616,927
State Pandemic Electronic Benefit Transfer Administrative Cost	10.649	2022	<u>0</u>	<u>614</u>
Total U.S. Department of Agriculture			0	617,541
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Education</i>				
Coronavirus Relief - Covid-19	21.019	044347-22	0	905
Broadband Ohio Connectivity - Covid-19		044347-22	<u>0</u>	<u>5,858</u>
Total U.S. Department of Treasury			0	6,763
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	044347-C1S1-21	0	44,278
		044347-C1S1-22	0	354,255
Expanding Opportunities for Each Child		044347-C1S1-22	0	13,098
Title I Noncompetitive Supplemental School Improvement		044347-C1S1-21	0	8,467
		044347-C1S1-22	<u>0</u>	<u>13,389</u>
Total Title I Grants to Local Educational Agencies			0	433,487
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)	84.027	044347-6BSF-22	0	380,853
Special Education Restoration (IDEA Part B)	84.027A	044347-21	0	4,993
American Rescue Plan (ARP) IDEA Part B	84.027	044347-22	<u>0</u>	<u>68,944</u>
Total Special Education, Grants to States (IDEA, Part B)			0	454,790
Special Education - Preschool Grants (IDEA Preschool)	84.173	044347-22	<u>2,610</u>	<u>2,610</u>
Total Special Education Cluster (IDEA)			2,610	457,400
Supporting Effective Instruction State Grants	84.367	044347-TRS1-21	0	5,289
		044347-TRS1-22	<u>0</u>	<u>48,899</u>
Total Supporting Effective Instruction State Grants			0	54,188
Title IV, Part A Student Support and Academic Enrichment Grant	84.424A	044347-21	0	807
		044347-22	<u>0</u>	<u>32,384</u>
Total Title IV, Part A Student Support and Academic Enrichment Grant			0	33,191
Elementary and Secondary School Emergency Relief Fund I	84.425D	044347-21	0	52,854
Elementary and Secondary School Emergency Relief Fund II	84.425D	044347-22	0	740,014
American Rescue Plan Elementary and Secondary Emergency Relief Fund	84.425U	044347-22	<u>0</u>	<u>177,487</u>
Total Elementary and Secondary School Emergency Relief Fund			0	970,355
Total U.S. Department of Education			<u>2,610</u>	<u>1,948,621</u>
Total Expenditures of Federal Awards			<u>\$2,610</u>	<u>\$2,572,925</u>

The accompanying notes are an integral part of this Schedule.

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Martins Ferry City School District (the School District) under programs of the federal government for the year ended June 30, 2022. 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 or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School District passes certain federal awards received from the Ohio Department of Education to other governments (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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



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

Martins Ferry City School District
Belmont County
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Martins Ferry City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2022, 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 25, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2022-001.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 25, 2023



**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**

Martins Ferry City School District
Belmont County
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Martins Ferry City School District's, Belmont County, Ohio (the School District), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Martins Ferry City School District's major federal program for the year ended June 30, 2022. Martins Ferry City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Martins Ferry City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

April 25, 2023

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**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

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)?	Yes
(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)?	Yes
(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): <ul style="list-style-type: none"> • Education Stabilization Fund – Elementary and Secondary School Emergency Relief (ESSER), AL #84.425 	
(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**

FINDING NUMBER 2022-001

Finding for Recovery – Repaid Under Audit

Per the Treasurer Employment Contract dated January 14, 2020, between the Board of Education of the Martins Ferry City School District and Dana Garrison, Treasurer, as part of compensation for services rendered, the Treasurer shall be paid an annual salary plus an additional amount of longevity for 25 years as per the Martins Ferry Education Association salary schedule. The annual salary of the Treasurer shall be adjusted by a percentage equal to the percentage salary adjustment granted to members of the Martins Ferry Education Association during said school year which was equal to four percent for Fiscal Year 2022. Due to an oversight, the four percent adjustment was calculated on the annual salary plus the longevity instead of on the annual salary only, resulting in an overpayment of \$2,716.

MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)

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

FINDING NUMBER 2022-001 (Continued)

Finding for Recovery – Repaid Under Audit (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dana Garrison, Treasurer, in the amount of \$2,716 and in favor of the School District's General Fund.

Dana Garrison repaid the \$2,716 on February 23, 2023 on receipt number 964393. The amount was paid into the School District's General Fund.

Officials' Response: See Corrective Action Plan.

FINDING NUMBER 2022-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, due to error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

We noted the following:

- Property Taxes not Levied to Finance Current Year Operations was understated and Property Taxes Revenue was overstated in the Debt Service Fund in the amount of \$784,048.
- Property Taxes not Levied to Finance Current Year Operations was understated and Unavailable Revenue was overstated in the Permanent Improvement Fund in the amount of \$264,814.

These adjustments are reflected in the accompanying financial statements.

The School District did not have internal control procedures in place to determine accounts were accurately reported in accordance with GAAP.

The School District should utilize available authoritative resources to ensure the financial statements accurately classify and record all receipt and expenditure transactions and appropriately compile receivable/payable transactions at year-end.

Officials' Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

MARTINS FERRY CITY SCHOOL DISTRICT

TREASURER'S OFFICE

5001 Ayers Limestone Rd

Martins Ferry OH 43935

Phone: 740-633-1732

Fax: 740-633-5666

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Findings for Recovery regarding the Martins Ferry City School District Student Activities Growth Fund against Dirk Fitch, Robert Kimble and Michael Delatore.	Corrected	
2021-002	Finding for Recovery against Dana Garrison for overpayment of wages.	Not Corrected	Overpayment occurred this year because longevity was included in the spreadsheet for the calculation of salary when it was carried over. This was duplicated when calculating new salary for 2022. This was an inadvertent error. Dana Garrison was not paid longevity in a lump sum in 2022 as was the issue in the prior year. Dana Garrison paid the district back for the error. Spreadsheet to be reviewed annually to be certain this error does not occur again.

MARTINS FERRY CITY SCHOOL DISTRICT

TREASURER'S OFFICE

5001 Ayers Limestone Rd
Martins Ferry Ohio 43935
Phone: 740-633-1732
Fax: 740-633-5666

CORRECTIVE ACTION PLAN

2 CFR 200.511(c)

JUNE 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	Overpayment occurred this year because longevity was included in the spreadsheet for the calculation of salary when it was carried over. This was duplicated when calculating new salary for 2022. This was an inadvertent error. Dana Garrison was not paid longevity in a lump sum in 2022 as was the issue in the prior year.
Anticipated Completion Date:	June 30, 2023
Responsible Contact Person:	Dana Garrison
Finding Number:	2022-002
Planned Corrective Action:	Contacted LGS on the matter of the importance of accuracy when reporting. It was agreed that they will review items closely prior to releasing statements. This was an inadvertent error.
Anticipated Completion Date:	June 30, 2023
Responsible Contact Person:	Dana Garrison

OHIO AUDITOR OF STATE KEITH FABER



MARTINS FERRY CITY SCHOOL DISTRICT

BELMONT 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 5/9/2023

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