

MARTINS FERRY CITY SCHOOL
DISTRICT
BELMONT COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025





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Board of Education
Martins Ferry City School District
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

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

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

KEITH FABER
Ohio Auditor of State

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

May 04, 2026

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Belmont County, Ohio
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Belmont County, Ohio
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Independent Auditor's Report

To the Board of Education
Martins Ferry City School District
Belmont County, Ohio
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

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, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2025, and the respective changes in financial position and the budgetary comparison for the General Fund and Schoolwide Pool Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 3, the School District restated its net position resulting from the implementation of GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation

of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and pension and other post-employment benefit schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards

Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The *Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the *Schedule of Expenditures of Federal Awards* is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
January 28, 2026

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

The discussion and analysis of the Martins Ferry City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the 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 2025 are as follows:

- In total, net position decreased \$1,457,013.
- General revenues accounted for \$18,784,672 in revenue or approximately 80 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 \$4,616,953 or approximately 20 percent of total revenues of \$23,401,625.
- Total assets of governmental activities decreased \$2,511,701, primarily due to decreases in cash and cash equivalents and capital assets. Total liabilities for fiscal year 2025 reflect the implementation of GASB 101, *Compensated Absences*, including a long-term amount of \$ 5,472,574.
- The School District had \$24,858,638 in expenses related to governmental activities; only \$4,616,953 of these expenses were offset by program specific charges for services and sales and operating grants and contributions. General revenues of \$18,784,672 were not adequate to provide for these programs.
- Total governmental funds had \$23,286,273 in revenues and \$25,055,196 in expenditures. Overall, including other financing sources and uses, total governmental funds' balance decreased \$1,655,861.

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 major funds.

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

Reporting the School District as a Whole

Statement of Net Position and 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 2025?" 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 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, 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 year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

The School District as a Whole

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

Table 1 - Net Position

	2025	2024	Net Change
Assets			
Current and Other Assets	\$20,463,648	\$21,443,791	(\$980,143)
Net OPEB Asset	1,281,176	1,235,010	46,166
Capital Assets	39,097,452	40,675,176	(1,577,724)
Total Assets	<u>60,842,276</u>	<u>63,353,977</u>	<u>(2,511,701)</u>
Deferred Outflows of Resources			
Pension	4,030,762	3,767,421	263,341
OPEB	<u>620,800</u>	<u>738,714</u>	<u>(117,914)</u>
Total Deferred Outflows of Resources	<u>4,651,562</u>	<u>4,506,135</u>	<u>145,427</u>
Liabilities			
Current and Other Liabilities	2,768,144	2,679,770	88,374
Long-Term Liabilities:			
Due Within One Year	1,630,536	918,987	711,549
Due in More than One Year:			
Net Pension Liability	16,211,917	17,193,207	(981,290)
Net OPEB Liability	649,288	1,073,607	(424,319)
Other Amounts	<u>22,001,891</u>	<u>19,395,404</u>	<u>2,606,487</u>
Total Liabilities	<u>43,261,776</u>	<u>41,260,975</u>	<u>2,000,801</u>
Deferred Inflows of Resources			
Property Taxes	7,861,816	7,405,070	456,746
Pension	1,840,866	1,061,642	779,224
OPEB	<u>1,919,434</u>	<u>1,951,383</u>	<u>(31,949)</u>
Total Deferred Inflows of Resources	<u>11,622,116</u>	<u>10,418,095</u>	<u>1,204,021</u>
Net Position			
Net Investment in Capital Assets	22,146,411	22,890,058	(743,647)
Restricted	6,971,144	7,147,392	(176,248)
Unrestricted (Deficit)	<u>(18,507,609)</u>	<u>(13,856,408)</u>	<u>(4,651,201)</u>
Total Net Position	<u>\$10,609,946</u>	<u>\$16,181,042</u>	<u>(\$5,571,096)</u>

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

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. For 2025, the School District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections*, does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principles.

The implementation of GASB 101 resulted in recognizing an additional compensated absences liability of \$4,114,083 in governmental activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensation absences expense. (See Note 3).

The net pension liability (NPL) is one of the larger liabilities reported by the School District at June 30, 2025. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide 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.

Each year, the above referenced changes impact the balance of the net pension/OPEB asset/liability and the related deferred inflows and outflows. During fiscal year 2025, the net pension liability and the net OPEB asset/liability decreased for both STRS and SERS. These changes primarily resulted from increased investment earnings. The increase in deferred outflows for pension primarily results from the net changes in proportionate share as well as the difference between expected and actual experience amounts recognized in 2025 for STRS, offset by the amortization recognized in the current year for both STRS and SERS. The increase in deferred inflows for pension resulted from the difference between projected and actual earning on investments recognized in the current year offset by the amortization recognized in the current year. For STRS, the net difference between projected and actual earnings on investments for OPEB changed from a net deferred outflow to a net deferred inflow as a result of prior year amortization offset by the deferred inflow amount recognized in 2025. The decrease in the remaining deferred outflows for OPEB resulted primarily from the amortization of prior year SERS amounts. The decrease in deferred inflows for OPEB resulted from the amortization recognized in the current year exceeding the difference between expected and actual experience amounts, change of assumptions amounts, and the difference between projected and actual earnings on investments amounts, recognized in fiscal year 2025.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
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The decrease in current assets is primarily due to a decrease in cash and cash equivalents. The decrease is mostly related to a decline in General Fund cash balances as costs for personnel continue to increase. Health insurance premiums increased significantly for the current plan year. Additionally, the annual debt service payments on the 2019 Certificates of Participation do not have a dedicated revenue source and typically rely on the cash reserves of the General Fund to be transferred for annual debt service payments. Decreases in cash and cash equivalents were offset, in part, by increases in property taxes receivable. Belmont County recently completed its sexennial reappraisal of property values within the County. The increase in assessed valuation has a positive impact on the amount of taxes receivable. Capital assets decreased as annual depreciation, and amortization on existing capital assets exceeded the School District's acquisition of new capital assets. In recognition of the current strain on cash flows, the School District has forgone significant capital asset upgrades. Changes in the net OPEB asset were addressed earlier in this Discussion and Analysis.

The majority of the School District's total liabilities continue to be long-term. The implementation of GASB 101 resulted in a long-term liability of \$5,472,574, following an initial restatement in the amount of \$4,114,083. The changes in the net pension liability and the net OPEB liability were addressed earlier in this Discussion and Analysis. Annual debt service payments, as well as amortization of applicable premiums, reduced the balance of long-term debt obligations by \$916,613. Current and other liabilities increases were associated with accrued wages and benefits payable, most notably the costs of accrued healthcare.

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 2025 and 2024.

Table 2 - Changes in Net Position

	2025	2024	Net Change
Revenues			
Program Revenue			
Charges for Services and Sales	\$891,905	\$870,968	\$20,937
Operating Grants and Contributions	3,725,048	4,373,108	(648,060)
Capital Grants and Contributions	0	56,478	(56,478)
Total Program Revenue	4,616,953	5,300,554	(683,601)
General Revenue			
Property Taxes	7,822,459	7,069,793	752,666
Grants and Entitlements	10,583,030	10,269,577	313,453
Gifts and Donations	71,673	37,570	34,103
Investment Earnings	220,287	305,003	(84,716)
Miscellaneous	87,223	41,715	45,508
Total General Revenue	18,784,672	17,723,658	1,061,014
Total Revenues	\$23,401,625	\$23,024,212	\$377,413

(Continued)

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

Table 2 - Changes in Net Position (Continued)

	2025	2024	Net Change
Program Expenses			
Instruction:			
Regular	\$9,133,588	\$8,734,025	\$399,563
Special	4,146,936	4,411,260	(264,324)
Vocational	893,391	848,266	45,125
Student Intervention Services	672,978	662,922	10,056
Support Services:			
Pupil	1,132,801	1,304,084	(171,283)
Instructional Staff	794,884	683,794	111,090
Board of Education	142,023	156,714	(14,691)
Administration	1,839,812	1,845,720	(5,908)
Fiscal	605,555	624,160	(18,605)
Operation and Maintenance of Plant	1,961,838	2,157,827	(195,989)
Pupil Transportation	925,411	940,066	(14,655)
Central	146,773	105,698	41,075
Operation of Non-Instructional Services	108,371	174,291	(65,920)
Food Service Operations	869,663	825,542	44,121
Extracurricular Activities	881,029	1,010,123	(129,094)
Interest	603,585	634,439	(30,854)
Total Expenses	<u>\$24,858,638</u>	<u>\$25,118,931</u>	<u>(\$260,293)</u>
Change in Net Position	<u>(1,457,013)</u>	<u>(2,094,719)</u>	<u>637,706</u>
<i>Net Position Beginning of Year as Previously Reported</i>	16,181,042	18,275,761	(2,094,719)
Restatement - GASB 101 Implementation	<u>(4,114,083)</u>	<u>0</u>	<u>(4,114,083)</u>
<i>Restated Net Position Beginning of Year</i>	<u>12,066,959</u>	<u>18,275,761</u>	<u>(6,208,802)</u>
Net Position End of Year	<u><u>\$10,609,946</u></u>	<u><u>\$16,181,042</u></u>	<u><u>(\$5,571,096)</u></u>

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The above table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principles. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3.)

Program revenue consisting of charges for services, operating grants and contributions, and contributions decreased \$683,601 from the prior fiscal year. The notable decrease in operating grants and contributions is related to the conclusion of Elementary and Secondary School Emergency Relief (ESSER) Funding.

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

In fiscal year 2025, 33 percent of the School District's revenues were from property taxes, and 45 percent were from unrestricted grants and entitlements. Increases in assessed valuation contributed to the increase in property taxes. Unrestricted grants and entitlements relate to the amount received by the School District for State Foundation Funding.

Instruction comprises approximately 60 percent of total governmental program expenses. Of the instructional expenses, approximately 61 percent is for regular instruction, approximately 28 percent is for special instruction, while vocational and student intervention services comprise the remaining 11 percent. Program expenses for the year were impacted by increasing wages and benefits for staff. These were offset to an extent by a decrease in the net expense for pension and OPEB, for changes in their respective liabilities as previously addressed.

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 2025 compared to fiscal year 2024. 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	
	2025	2024	2025	2024
Instruction:				
Regular	\$9,133,588	\$8,734,025	\$8,215,194	\$7,836,032
Special	4,146,936	4,411,260	2,081,983	2,330,990
Vocational	893,391	848,266	649,988	586,793
Student Intervention Services	672,978	662,922	672,978	348,993
Support Services:				
Pupil	1,132,801	1,304,084	1,083,383	1,262,426
Instructional Staff	794,884	683,794	794,884	681,510
Board of Education	142,023	156,714	142,023	156,714
Administration	1,839,812	1,845,720	1,830,610	1,837,804
Fiscal	605,555	624,160	416,566	406,080
Operation and Maintenance of Plant	1,961,838	2,157,827	1,911,453	1,944,158
Pupil Transportation	925,411	940,066	873,273	829,833
Central	146,773	105,698	140,800	99,706
Operation of Non-Instructional Services	108,371	174,291	5,751	37,539
Food Service Operations	869,663	825,542	207,690	71,653
Extracurricular Activities	881,029	1,010,123	611,524	753,707
Interest	603,585	634,439	603,585	634,439
Total Expenses	\$24,858,638	\$25,118,931	\$20,241,685	\$19,818,377

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as approximately 81 percent of total expenses are supported through taxes and other general revenues.

The School District Funds

Information about the School District's major funds starts on page 18. 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.

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

The fund balance of the General Fund continues to decrease. However, increases in property taxes and intergovernmental revenue received from the State were able to offset the decline in fund balance. Fiscal year 2025 did not require a transfer of General Fund resources to cover the debt service payments on the 2019 Certificates of Participation. This also helped to offset the decline in fund balance.

The Schoolwide Pool Fund had \$776,857 in revenues and \$3,569,425 in expenditures. Including other financing sources, the Schoolwide Pool had no change in fund balance. The Schoolwide Pool utilizes transfers from the General Fund and reallocations of federal funds to provide for the operation of the program.

The Debt Service Fund had revenues of \$1,025,529, an increase from the prior year related to property taxes, and expenditures in the amount of \$1,348,696. Including other financing sources, the Debt Service Fund's balance increased \$377,721 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 2025, the School District amended its General Fund budget, and the budgetary statement reflects both the original and final amounts. The School District's final budgeted amounts differed from original amount as the School District amended these amounts to more closely reflect actual operations. As a result of this budgetary practice, actual expenditures are more closely aligned with final budget amounts. Actual revenues exceeded final estimates, most notably for property taxes and intergovernmental revenues.

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2025 balances compared to fiscal year 2024.

Table 4 - Capital Assets Net of Depreciation/Amortization		
	2025	2024
Land	\$2,436,556	\$2,436,556
Land Improvements	4,585,326	4,837,069
Buildings and Improvements	30,926,518	32,256,179
Furniture and Equipment	289,478	241,881
Vehicles	509,628	605,428
Intangible Right to Use Leased Equipment	64,242	0
Intangible Right to Use Subscription Assets	285,704	298,063
Totals	<u>\$39,097,452</u>	<u>\$40,675,176</u>

See Note 10 for more detailed information on the School District's capital assets.

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

Debt

Table 5 shows fiscal year 2025 balances compared to fiscal year 2024.

Table 5 - Outstanding Debt at Fiscal Year End

	2025	2024
<i>2019 Refunding Bonds</i>		
Serial Bonds	\$5,315,000	\$5,830,000
Premium	252,651	285,251
<i>2016 Qualified Zone Academy Bonds</i>	1,500,000	1,500,000
<i>2019 Certificates of Participation</i>		
Serial Bonds	9,825,000	10,050,000
Premium	258,807	269,820
Leases Payable	69,395	0
Financed Purchases	939,000	1,072,000
Total	\$18,159,853	\$19,007,071

Of the amounts presented in the table above, \$949,137 is due within one year. 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

The District negotiated a 3 percent wage increase with the certified staff for the fiscal year 2025. The administration and at will central office employees also received this increase. The classified staff did not receive an increase in fiscal year 2025.

During fiscal year 2025, the School District continued the Schoolwide Pool for the elementary school; whereas, it combines General Fund money with Title I and Title IIA Federal money 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 Holly Skulich, Treasurer/CFO at Martins Ferry City School District, 5001 Ayers Limestone Rd, Martins Ferry, Ohio 43935.

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Basic Financial Statements

Martins Ferry City School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,743,971
Investments with Fiscal and Escrow Agents	679,801
Intergovernmental Receivable	560,976
Materials and Supplies Inventory	48,521
Property Taxes Receivable	9,264,426
Prepaid Items	115,948
Unamortized Certificates of Participation Insurance Premium	50,005
Net OPEB Asset	1,281,176
Non-Depreciable Capital Assets	2,436,556
Depreciable Capital Assets, Net	36,660,896
Total Assets	60,842,276
Deferred Outflows of Resources	
Pension	4,030,762
OPEB	620,800
Total Deferred Outflows of Resources	4,651,562
Liabilities	
Accounts Payable	116,700
Accrued Wages and Benefits Payable	1,849,484
Intergovernmental Payable	644,387
Matured Severance Payable	26,462
Accrued Interest Payable	47,087
Vacation Leave Payable	84,024
Long-Term Liabilities:	
Due Within One Year	1,630,536
Due In More Than One Year:	
Net Pension Liability	16,211,917
Net OPEB Liability	649,288
Other Amounts	22,001,891
Total Liabilities	43,261,776
Deferred Inflows of Resources	
Property Taxes	7,861,816
Pension	1,840,866
OPEB	1,919,434
Total Deferred Inflows of Resources	11,622,116
Net Position	
Net Investment in Capital Assets	22,146,411
Restricted for:	
Debt Service	4,261,557
Capital Projects	1,184,457
Food Service	1,220
Classroom Facilities Maintenance	77,013
State Programs	4,648
Federal Programs	108,107
Student Activities	27,683
Other Purposes	25,283
OPEB Plan	1,281,176
Unrestricted (Deficit)	(18,507,609)
Total Net Position	\$10,609,946

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$9,133,588	\$392,214	\$526,180	(\$8,215,194)
Special	4,146,936	0	2,064,953	(2,081,983)
Vocational	893,391	0	243,403	(649,988)
Student Intervention Services	672,978	0	0	(672,978)
Support Services:				
Pupil	1,132,801	0	49,418	(1,083,383)
Instructional Staff	794,884	0	0	(794,884)
Board of Education	142,023	0	0	(142,023)
Administration	1,839,812	0	9,202	(1,830,610)
Fiscal	605,555	0	188,989	(416,566)
Operation and Maintenance of Plant	1,961,838	28,838	21,547	(1,911,453)
Pupil Transportation	925,411	0	52,138	(873,273)
Central	146,773	0	5,973	(140,800)
Operation of Non-Instructional Service	108,371	0	102,620	(5,751)
Food Service Operations	869,663	201,348	460,625	(207,690)
Extracurricular Activities	881,029	269,505	0	(611,524)
Interest	603,585	0	0	(603,585)
Total Governmental Activities	<u>\$24,858,638</u>	<u>\$891,905</u>	<u>\$3,725,048</u>	<u>(20,241,685)</u>
General Revenues				
Property Taxes Levied for:				
General Purpose				6,641,251
Capital Outlay				269,210
Debt Service				853,644
Building Maintenance				58,354
Grants and Entitlements not Restricted to Specific Programs				10,583,030
Gifts and Donations				71,673
Investment Earnings/Interest				220,287
Miscellaneous				<u>87,223</u>
Total General Revenues				<u>18,784,672</u>
Change in Net Position				<u>(1,457,013)</u>
Net Position Beginning of Year - as Previously Reported				16,181,042
Restatement - Implementation of GASB 101 (See Note 3)				<u>(4,114,083)</u>
Restated Net Position Beginning of Year				<u>12,066,959</u>
Net Position End of Year				<u><u>\$10,609,946</u></u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
Balance Sheet
Governmental Funds
June 30, 2025

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,650,901	\$0	\$3,704,833	\$1,366,316	\$9,722,050
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	21,921	0	0	0	21,921
Investments with Fiscal and Escrow Agents	0	0	679,801	0	679,801
Receivables:					
Property Taxes	7,844,656	0	1,007,377	412,393	9,264,426
Intergovernmental	391,562	0	0	169,414	560,976
Interfund	37,300	450,587	0	0	487,887
Prepaid Items	7,841	0	0	108,107	115,948
Materials and Supplies Inventory	24,521	0	0	24,000	48,521
Total Assets	<u>\$12,978,702</u>	<u>\$450,587</u>	<u>\$5,392,011</u>	<u>\$2,080,230</u>	<u>\$20,901,530</u>
Liabilities					
Accounts Payable	\$113,200	\$0	\$0	\$3,500	\$116,700
Accrued Wages and Benefits Payable	1,397,443	399,079	0	52,962	1,849,484
Interfund Payable	328,283	0	0	159,604	487,887
Intergovernmental Payable	589,705	51,508	0	3,174	644,387
Matured Severance Payable	26,462	0	0	0	26,462
Total Liabilities	<u>2,455,093</u>	<u>450,587</u>	<u>0</u>	<u>219,240</u>	<u>3,124,920</u>
Deferred Inflows of Resources					
Property Taxes	6,673,998	0	824,560	363,258	7,861,816
Unavailable Revenue	1,191,817	0	137,490	41,827	1,371,134
Total Deferred Inflows of Resources	<u>7,865,815</u>	<u>0</u>	<u>962,050</u>	<u>405,085</u>	<u>9,232,950</u>
Fund Balances					
Nonspendable:					
Inventories	24,521	0	0	24,000	48,521
Prepays	7,841	0	0	108,107	115,948
Unclaimed Monies	21,921	0	0	0	21,921
Restricted for:					
Debt Service	0	0	4,429,961	0	4,429,961
Capital Projects	0	0	0	1,156,490	1,156,490
Food Service Operations	0	0	0	68,462	68,462
Classroom Facilities Maintenance	0	0	0	67,691	67,691
Local Programs	0	0	0	3,362	3,362
State Programs	0	0	0	4,648	4,648
Student Athletics	0	0	0	27,683	27,683
Assigned for:					
Future Appropriations	261,716	0	0	0	261,716
Purchases on Order	21,005	0	0	0	21,005
Capital Projects	1,352,867	0	0	0	1,352,867
Unassigned (Deficit)	967,923	0	0	(4,538)	963,385
Total Fund Balances	<u>2,657,794</u>	<u>0</u>	<u>4,429,961</u>	<u>1,455,905</u>	<u>8,543,660</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$12,978,702</u>	<u>\$450,587</u>	<u>\$5,392,011</u>	<u>\$2,080,230</u>	<u>\$20,901,530</u>

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, 2025*

Total Governmental Fund Balances			\$8,543,660
<i>Amounts reported for governmental activities in the Statement of Net Position are different because</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			39,097,452
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:			
Delinquent Property Taxes	1,056,512		
Grants	4,538		
Tuition and Fees	310,084		
Total		1,371,134	
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.			(47,087)
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.			(84,024)
Unamortized insurance premiums on the certificates of participation do not provide current financial resources, and therefore are not reported in the funds.			50,005
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
General Obligation Bonds - Serial	5,315,000		
Premium on Serial/Term Bonds	252,651		
Qualified Zone Academy Bonds	1,500,000		
Certificates of Participation	9,825,000		
Premium on Certificates of Participation	258,807		
Lease Payables	69,395		
Financed Purchases	939,000		
Compensated Absences	5,472,574		
Total		(23,632,427)	
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	1,281,176		
Deferred Outflows - Pension	4,030,762		
Deferred Outflows - OPEB	620,800		
Net Pension Liability	(16,211,917)		
Net OPEB Liability	(649,288)		
Deferred Inflows - Pension	(1,840,866)		
Deferred Inflows - OPEB	(1,919,434)		
Total		(14,688,767)	
Net Position of Governmental Activities			<u><u>\$10,609,946</u></u>

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, 2025

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$6,540,565	\$0	\$845,482	\$328,588	\$7,714,635
Intergovernmental	12,041,401	776,857	126,880	1,385,140	14,330,278
Investment Earnings/Interest	163,855	0	53,167	3,265	220,287
Tuition and Fees	355,593	0	0	0	355,593
Extracurricular Activities	0	0	0	269,505	269,505
Rent and Royalties	28,838	0	0	0	28,838
Contributions and Donations	30,500	0	0	41,173	71,673
Charges for Services	6,893	0	0	201,348	208,241
Miscellaneous	87,223	0	0	0	87,223
Total Revenues	19,254,868	776,857	1,025,529	2,229,019	23,286,273
Expenditures					
Current:					
Instruction:					
Regular	6,252,138	2,281,736	0	41,657	8,575,531
Special	2,338,625	1,287,689	0	524,904	4,151,218
Vocational	798,039	0	0	96,965	895,004
Student Intervention Services	658,933	0	0	15,430	674,363
Support Services:					
Pupil	1,162,446	0	0	49,418	1,211,864
Instructional Staff	659,797	0	0	0	659,797
Board of Education	149,478	0	0	0	149,478
Administration	1,828,271	0	0	9,466	1,837,737
Fiscal	685,362	0	19,336	7,093	711,791
Operation and Maintenance of Plant	1,753,842	0	0	79,208	1,833,050
Pupil Transportation	811,332	0	0	0	811,332
Central	112,577	0	0	5,973	118,550
Operation of Non-Instructional Services	0	0	0	108,371	108,371
Food Service Operations	0	0	0	785,096	785,096
Extracurricular Activities	448,754	0	0	295,230	743,984
Capital Outlay	113,062	0	0	111,320	224,382
Debt Service:					
Principal	176,667	0	740,000	0	916,667
Interest	57,621	0	589,360	0	646,981
Total Expenditures	18,006,944	3,569,425	1,348,696	2,130,131	25,055,196
Excess of Revenues Over (Under) Expenditures	1,247,924	(2,792,568)	(323,167)	98,888	(1,768,923)
Other Financing Sources (Uses)					
Inception of Lease	80,302	0	0	0	80,302
Inception of Subscription	32,760	0	0	0	32,760
Transfers In	0	2,792,568	700,888	3,000	3,496,456
Transfers Out	(2,870,568)	0	0	(625,888)	(3,496,456)
Total Other Financing Sources (Uses)	(2,757,506)	2,792,568	700,888	(622,888)	113,062
Net Change in Fund Balances	(1,509,582)	0	377,721	(524,000)	(1,655,861)
Fund Balances Beginning of Year	4,167,376	0	4,052,240	1,979,905	10,199,521
Fund Balances End of Year	\$2,657,794	\$0	\$4,429,961	\$1,455,905	\$8,543,660

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, 2025*

Net Change in Fund Balances - Total Governmental Funds (\$1,655,861)

Amounts reported for governmental activities in the Statement of Activities are different because

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

Capital Assets Additions	200,748	
Depreciation/Amortization Expense	(1,778,472)	
Total		(1,577,724)

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

Delinquent Property Taxes	107,824	
Grants	(22,200)	
Tuition and Fees	29,728	
Total		115,352

Inception of a leases/subscriptions are reported as other financing sources in the governmental funds, but the inception increases long-term liabilities on the Statement of Net Position.

Leases	(80,302)	
Subscriptions	(32,760)	
Total		(113,062)

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt in the Statement of Activities.

1,911

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)

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.

43,613

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

General Obligation Bonds	515,000	
Certificates of Participation	225,000	
Subscriptions	32,760	
Lease Payables	10,907	
Financed Purchases	133,000	
Total		916,667

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 Leave Payable	15,463	
Compensated Absences	(51,171)	
Total		(35,708)

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

Pension	1,746,571	
OPEB	43,806	
Total		1,790,377

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	(1,281,164)	
OPEB	340,714	
Total		(940,450)

Change in Net Position of Governmental Activities		<u><u>(\$1,457,013)</u></u>
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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, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$6,017,000	\$6,338,000	\$6,502,907	\$164,907
Intergovernmental	11,399,400	11,764,413	11,962,711	198,298
Interest	150,000	150,000	157,197	7,197
Tuition and Fees	269,000	293,000	355,593	62,593
Rent	28,838	28,838	28,838	0
Charges for Services	15,000	18,000	6,893	(11,107)
Contributions and Donations	0	0	30,500	30,500
Miscellaneous	21,162	21,162	87,223	66,061
Total Revenues	17,900,400	18,613,413	19,131,862	518,449
Expenditures				
Current:				
Instruction:				
Regular	7,736,704	6,406,849	6,126,724	280,125
Special	1,624,273	2,347,952	2,347,952	0
Vocational	575,084	781,755	781,755	0
Student Intervention Services	463,586	625,302	625,302	0
Support Services:				
Pupil	948,566	1,174,050	1,174,050	0
Instructional Staff	499,174	654,295	654,295	0
Board of Education	178,562	178,562	146,062	32,500
Administration	1,573,670	1,828,568	1,828,568	0
Fiscal	623,005	680,302	680,302	0
Operation and Maintenance of Plant	2,001,217	2,101,210	1,754,814	346,396
Pupil Transportation	787,329	807,192	807,192	0
Central	99,659	111,670	111,670	0
Extracurricular Activities	462,929	476,044	463,149	12,895
Debt Service:				
Principal Retirement	133,000	133,000	133,000	0
Interest and Fiscal Charges	55,028	55,028	55,028	0
Total Expenditures	17,761,786	18,361,779	17,689,863	671,916
Excess of Revenues Over Expenditures	138,614	251,634	1,441,999	1,190,365
Other Financing Sources (Uses)				
Advances In	84,343	84,343	84,343	0
Transfers Out	(2,923,989)	(2,923,989)	(2,641,064)	282,925
Total Other Financing Sources (Uses)	(2,839,646)	(2,839,646)	(2,556,721)	282,925
Net Change in Fund Balance	(2,701,032)	(2,588,012)	(1,114,722)	1,473,290
Fund Balance Beginning of Year	5,958,150	5,958,150	5,958,150	0
Prior Year Encumbrances Appropriated	78,608	78,608	78,608	0
Fund Balance End of Year	\$3,335,726	\$3,448,746	\$4,922,036	\$1,473,290

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, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures				
Current:				
Instruction:				
Regular	2,338,589	2,618,174	2,272,210	345,964
Special	<u>1,204,727</u>	<u>1,275,143</u>	<u>1,275,143</u>	<u>0</u>
Total Expenditures	<u>3,543,316</u>	<u>3,893,317</u>	<u>3,547,353</u>	<u>345,964</u>
Excess of Revenues Under Expenditures	(3,543,316)	(3,893,317)	(3,547,353)	345,964
Other Financing Sources				
Transfers In	<u>4,203,059</u>	<u>3,893,317</u>	<u>3,273,403</u>	<u>(619,914)</u>
Net Change in Fund Balance	659,743	0	(273,950)	(273,950)
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) End of Year	<u><u>\$659,743</u></u>	<u><u>\$0</u></u>	<u><u>(\$273,950)</u></u>	<u><u>(\$273,950)</u></u>

See accompanying notes to the basic financial statements

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The 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 Township and Colerain Township. It is staffed by 64 non-certified employees, 110 certified full-time teaching personnel and 19 administrative employees, who provide services to 1,301 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 composed 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, and Coalition of Rural and Appalachian Schools, which are jointly governed organizations, the Ohio School Comp – OASBO/OSBA Workers' Compensation Group Retrospective Rating Program, the Ohio School Plan, and the Portage Area School Consortium, which are defined as insurance purchasing pools. These organizations are presented in Notes 17 and 18.

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

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).

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 fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The School District had no fiduciary fund activity during fiscal year 2025.

Fund Accounting

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

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

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

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 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 students 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.

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 2025.

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 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.

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

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

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 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental fund's balance sheet and represents receivables that 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. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

Expenses/Expenditures On the accrual basis, 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".

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.

For fiscal year 2025, the School District's investments were limited to money market mutual funds, negotiable certificates of deposit, and STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The County measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Except for STAR Ohio, investments are reported at fair value.

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Investment earnings credited to the General Fund during 2025 amounted to \$163,855, which includes \$58,214 assigned from other School District funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund include unclaimed monies legally required to be maintained until the end of a five-year holding period. Restricted assets in the Debt Service Fund represent amounts in a 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, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at 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

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

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<u>Description</u>	<u>Estimated Lives</u>
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

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

Interfund Balances

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

Compensated Absences

For the School District, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of sporadic events that affect a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the School District, this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee, is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service. Since the School District's policy limits the accrual of vacation time to the amount accrued in one year, the outstanding liability is recorded as "accrued vacation leave payable" on the statement of net position rather than as a long-term liability.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employees who have accumulated unpaid leave are paid.

Martins Ferry City School District
Notes to the Basic Financial Statements
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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.

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, financed purchases, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Bond/Certificates of Participation Premium

On the government-wide financial statement, premiums deferred and amortized over the term of the debt using the effective interest method. Premiums are presented as an increase of the face amount of the debt payable. On the governmental fund statements, premiums are recorded in the year the debt is issued. Under Ohio law, premiums on the original issuance of debt are to be deposited into 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.

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:

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

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. Nonspendable fund balance in the General Fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

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

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. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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 the amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted net position for other purposes includes unclaimed monies represents amounts required to be

Martins Ferry City School District
Notes to the Basic Financial Statements
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maintained until the end of a five-year holding period, offset by any estimated liability for payments to claimants. Restricted net position for OPEB plans represents the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits.

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 Process

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.

Some of the School District's funds are separate for budgetary purposes, and then combined on the GAAP basis. The Public School Support, and Termination Benefits Special Revenue Funds are budgeted individually on a cash basis but are combined with the General Fund on a GAAP basis.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

Martins Ferry City School District
Notes to the Basic Financial Statements
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GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For the School District, GASB Statement No. 101 increased the compensated absences liability and the cumulative effects of compensated absence related expense decreased beginning net position. This change in accounting principle is separately displayed by reporting unit in the accompanying financial statements.

GASB 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated their concentrations and constraints but did not have any events that required disclosure.

NOTE 4 - FUND DEFICIT

At June 30, 2025, the School District had the following fund balance deficits:

Title I Grant Fund	\$4,538
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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.

NOTE 5 - 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).

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6. The perspective difference represents the net change in fund balance (budget basis) for funds that are maintained as special revenue funds for accounting purposes, but do not otherwise meet the criteria for separate reporting in external financial statements and included with the General Fund on a GAAP basis.

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	(\$1,509,582)	\$0
Revenue Accruals	(123,006)	(776,857)
Advances In	84,343	0
Transfers In	0	480,835
Expenditure Accruals	346,942	22,072
Transfers Out	229,504	0
Encumbrances	(50,609)	0
Perspective Difference	(92,314)	0
Budget Basis	<u>(\$1,114,722)</u>	<u>(\$273,950)</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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;

Martins Ferry City School District
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For the Fiscal Year Ended June 30, 2025

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

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

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, 2025, \$549,442 of the School District's total bank balance of \$8,002,288 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 85 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:

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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, 2025, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Standard & Poor's Rating</u>	<u>Percent of Total Investments</u>
Net Asset Value Per Share				
STAR Ohio	\$1,092,408	Average 30 Days	AAAm	38.10%
Fair Value - Level One Inputs				
Money Market Mutual Funds	1,674,471	Not Available	AAAm	58.41%
Fair Value - Level Two Inputs:				
Negotiable CD	<u>99,971</u>	Less than one year	N/A	<u>3.49%</u>
<i>Total Investments</i>	<u>\$2,866,850</u>			<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2025. The mutual fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided 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, 2025, the School District had investments with fiscal and escrow agents for the debt service sinking escrow account related to the 2016 Qualified Zone Academy Bonds. 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.

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Credit Risk The credit ratings for the School District's securities are listed above. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State Statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

NOTE 7 - 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 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 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 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 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, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

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The amount available as an advance at June 30, 2025, was \$288,925 in the General Fund, \$45,327 in the Debt Service Fund, \$2,961 in the Classroom Maintenance Special Revenue Fund, and \$8,885 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2024, was \$251,267 in the General Fund, \$41,752 in the Debt Service Fund, \$3,066 in the Classroom Maintenance Special Revenue Fund, and \$9,198 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 2025 taxes were collected are:

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$180,217,300	68.9%	\$215,534,570	72.5%
Public Utility Personal	81,395,040	31.1%	81,618,090	27.5%
Total Assessed Values	<u>\$261,612,340</u>	<u>100.0%</u>	<u>\$297,152,660</u>	<u>100.0%</u>
Tax Rate per \$1,000 of assessed valuation	\$41.00		\$40.70	

NOTE 8 - RECEIVABLES

Receivables at June 20, 2025, consisted primarily of property taxes, payments in lieu of taxes, intergovernmental receivables arising from entitlements and shared revenues, accrued interest on investments, and accounts (billings for service). 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:

<u>Governmental Activities:</u>	<u>Amounts</u>
Medicaid Reimbursement	\$81,478
Title I-A Improve Basis Programs	112,248
Title II-A Supporting Effective Instruction	14,594
Title I Non-Competitive Supplemental School	4,040
Early Childhood Education	9,810
IDEA Early Childhood Special Education	26,536
Title IV-A Student Support and Academic Enrichment	2,186
Excess Costs from Other School Districts	<u>310,084</u>
Total Intergovernmental Receivables	<u>\$560,976</u>

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For the Fiscal Year Ended June 30, 2025

NOTE 9 - INTERNAL BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2025, consist of the following interfund receivables and payables:

	Interfund Receivable		Total
	General Fund	Schoolwide Pool Fund	
<u>Interfund Payable</u>			
General Fund	\$0	\$328,283	\$328,283
Other Nonmajor			
Governmental Funds	37,300	122,304	159,604
Total	<u>\$37,300</u>	<u>\$450,587</u>	<u>\$487,887</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, 2025 consisted of the following:

	Transfer from	
	General Fund	Other Nonmajor Governmental Fund
<u>Transfer to</u>		
Schoolwide Pool Fund	\$2,792,568	\$0
Debt Service Fund	75,000	625,888
Other Nonmajor Governmental Funds	3,000	0
Total	<u>\$2,870,568</u>	<u>\$625,888</u>

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 made to support student activities.

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For the Fiscal Year Ended June 30, 2025

NOTE 10 - CAPITAL ASSETS

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

	Balance 6/30/2024	Additions	Deletions	Balance 6/30/2025
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land	\$2,436,556	\$0	\$0	\$2,436,556
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	8,421,345	0	0	8,421,345
Buildings and Improvements	50,055,408	9,750	0	50,065,158
Furniture and Equipment	2,402,533	77,936	0	2,480,469
Vehicles	1,606,481	0	0	1,606,481
<i>Total Depreciable Tangible Assets</i>	62,485,767	87,686	0	62,573,453
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	0	80,302	0	80,302
<i>Subscription Assets</i>				
Intangible Right to Use - Digital Curriculum	343,675	32,760	0	376,435
<i>Total Intangible Right to Use Assets</i>	343,675	113,062	0	456,737
<i>Total Depreciable Capital Assets</i>	62,829,442	200,748	0	63,030,190
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Land Improvements	(3,584,276)	(251,743)	0	(3,836,019)
Buildings and Improvements	(17,799,229)	(1,339,411)	0	(19,138,640)
Furniture and Equipment	(2,160,652)	(30,339)	0	(2,190,991)
Vehicles	(1,001,053)	(95,800)	0	(1,096,853)
<i>Total Depreciation</i>	(24,545,210)	(1,717,293)	0	(26,262,503)
<i>Amortization</i>				
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	0	(16,060)	0	(16,060)
<i>Subscription Assets</i>				
Intangible Right to Use - Digital Curriculum	(45,612)	(45,119)	0	(90,731)
<i>Total Intangible Right to Use Assets</i>	(45,612)	(61,179)	0	(106,791)
<i>Total Accumulated Depreciation/Amortization</i>	(24,590,822)	(1,778,472)	0	(26,369,294)
<i>Total Depreciable Capital Assets, Net</i>	38,238,620	(1,577,724)	0	36,660,896
<i>Governmental Activities Capital Assets, Net</i>	\$40,675,176	(\$1,577,724)	\$0	\$39,097,452

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

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Instruction:			
Regular	\$697,247	\$45,119	\$742,366
Special	174,691	0	174,691
Vocational	9,941	0	9,941
Support Services:			
Pupil	25,924	0	25,924
Instructional Staff	86,414	0	86,414
Administration	112,338	16,060	128,398
Fiscal	17,283	0	17,283
Operation and Maintenance of Plant	179,404	0	179,404
Pupil Transportation	158,934	0	158,934
Food Service Operations	115,201	0	115,201
Extracurricular Activities	139,916	0	139,916
Total	<u>\$1,717,293</u>	<u>\$61,179</u>	<u>\$1,778,472</u>

NOTE 11 - 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 2024, 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 School District pays this annual premium to the OSP (See Note 18). 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)	\$81,117,324
<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)	1,000,000
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

Employers Liability - Stop Gap - Occurrence:

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

Employee Benefits Liability - Claims Made:

Each Offense Limit	3,000,000
Aggregate Limit	5,000,000

Educational Legal Liability - Claims Made:

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, \$63,000 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 2025, the School District participated in the Ohio School Comp – OASBO/OSBA Workers' Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool (Note 18). 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 Health Management Solutions provides administrative, cost control, and actuarial services to the GRRP.

Employee Benefits

Medical 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 2025, the School District provided medical 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 UMR with a premium rate of \$3,086.71 for a family plan and \$1,234.69 for a single plan for certified staff and a premium rate of \$3,961.81 for a family plan and \$1,584.73 for a single plan for classified staff. The Board pays 92.5 percent of the premiums for certified staff hired on or before June 30, 2014, 90 percent of the premiums for certified staff hired on or after July 1, 2014 and 85 percent of the premiums for certified staff hired on or after July 1, 2021. The Board pays 92.5 percent of the premiums for classified staff, hired prior to January 1, 1984 who work 35 – 40 hours per week. The Board pays 90 percent of the premiums for classified staff, hired on or after January 1, 1984 who work 35 – 40 hours per week. The Board pays 85 percent of the premiums for classified staff hired on or after July 1, 2021 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 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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.

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 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.

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

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

The School District's contractually required contribution to SERS was \$375,820 for fiscal year 2025, of which the full amount has been contributed.

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

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

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Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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

The School District's contractually required contribution to STRS was \$1,370,751 for fiscal year 2025. Of this amount, \$138,709 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06285500%	0.06754374%	
Prior Measurement Date	<u>0.06367310%</u>	<u>0.06350118%</u>	
Change in Proportionate Share	<u>-0.00081810%</u>	<u>0.00404256%</u>	
Proportionate Share of the Net			
Pension Liability	\$3,215,409	\$12,996,508	\$16,211,917
Pension Expense	\$248,493	\$1,032,671	\$1,281,164

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$122,762	\$818,440	\$941,202
Changes of assumptions	28,765	598,951	627,716
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	5,693	709,580	715,273
School District contributions subsequent to the measurement date	<u>375,820</u>	<u>1,370,751</u>	<u>1,746,571</u>
Total Deferred Outflows of Resources	<u>\$533,040</u>	<u>\$3,497,722</u>	<u>\$4,030,762</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$7,117	\$7,117
Changes of assumptions	0	450,837	\$450,837
Net difference between projected and actual earnings on pension plan investments	201,122	1,117,435	1,318,557
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	<u>32,624</u>	<u>31,731</u>	<u>64,355</u>
Total Deferred Inflows of Resources	<u>\$233,746</u>	<u>\$1,607,120</u>	<u>\$1,840,866</u>

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\$1,746,571 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$166,094)	(\$558,002)	(\$724,096)
2027	188,577	1,352,479	1,541,056
2028	(39,869)	(170,290)	(210,159)
2029	(59,140)	(104,336)	(163,476)
Total	<u>(\$76,526)</u>	<u>\$519,851</u>	<u>\$443,325</u>

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

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

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

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

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,919,129	\$3,215,409	\$1,780,967

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

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

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1 % Increase (8.00%)
School District's proportionate share of the net pension liability	\$20,965,643	\$12,996,508	\$6,255,987

NOTE 13 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$43,806.

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 \$43,806 for fiscal year 2025. Of this amount, \$43,806 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 for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.06374980%	0.06754374%	
Prior Measurement Date	<u>0.06516800%</u>	<u>0.06350118%</u>	
Change in Proportionate Share	<u>-0.00141820%</u>	<u>0.00404256%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$649,288	\$0	\$649,288
Net OPEB (Asset)	\$0	(\$1,281,176)	(\$1,281,176)
OPEB Expense	(\$64,112)	(\$276,602)	(\$340,714)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$55,695	\$55,695
Changes of assumptions	278,674	157,696	436,370
Net difference between projected and actual earnings on OPEB plan investments	3,170	0	3,170
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	78,716	3,043	81,759
School District contributions subsequent to the measurement date	<u>43,806</u>	<u>0</u>	<u>43,806</u>
Total Deferred Outflows of Resources	<u>\$404,366</u>	<u>\$216,434</u>	<u>\$620,800</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$700,102	\$138,067	\$838,169
Changes of assumptions	298,259	577,802	876,061
Net difference between projected and actual earnings on OPEB plan investments	0	55,010	55,010
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>124,778</u>	<u>25,416</u>	<u>150,194</u>
Total Deferred Inflows of Resources	<u>\$1,123,139</u>	<u>\$796,295</u>	<u>\$1,919,434</u>

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\$43,806 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability, or an increase to the net OPEB asset, in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$172,784)	(\$197,527)	(\$370,311)
2027	(119,856)	(89,174)	(209,030)
2028	(104,041)	(113,962)	(218,003)
2029	(100,206)	(106,376)	(206,582)
2030	(99,251)	(86,826)	(186,077)
Thereafter	(166,441)	14,004	(152,437)
Total	<u>(\$762,579)</u>	<u>(\$579,861)</u>	<u>(\$1,342,440)</u>

Actuarial Assumptions – SERS

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

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

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

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

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

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members was 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. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net OPEB liability	\$865,803	\$649,288	\$477,239

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$438,895	\$649,288	\$925,834

Actuarial Assumptions – STRS

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

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	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,041,680)	(\$1,281,176)	(\$1,489,589)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,503,667)	(\$1,281,176)	(\$1,013,601)

NOTE 14 - 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-five 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.

Other Insurances

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 \$1.90 for certified and administrative employees and 100 percent of the monthly premium of \$1.90 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.

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

NOTE 15 - LONG - TERM OBLIGATIONS

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

	Amounts Outstanding 7/1/2024	Additions	Deductions	Amounts Outstanding 6/30/2025	Amounts Due Within One Year
General Obligation Bonds:					
<i>2019 Refunding Bonds</i>					
Serial Bonds,					
\$6,190,000 @ 2.375%-4.0%	\$5,830,000	\$0	\$515,000	\$5,315,000	\$560,000
Premium, \$456,402	285,251	0	32,600	252,651	0
Total 2019 Refunding Bonds	6,115,251	0	547,600	5,567,651	560,000
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	7,615,251	0	547,600	7,067,651	560,000
<i>2019 Certificates of Participation (COPS)</i>					
Serial/Term					
\$11,000,000 @ 3.625%-5.00%	10,050,000	0	225,000	9,825,000	235,000
Premium	269,820	0	11,013	258,807	0
Total Certificates of Participation	10,319,820	0	236,013	10,083,807	235,000
Subscriptions Payable	0	32,760	32,760	0	0
Leases Payable	0	80,302	10,907	69,395	15,137
Financed Purchases	1,072,000	0	133,000	939,000	139,000
Net Pension Liability					
SERS	3,518,269	0	302,860	3,215,409	0
STRS	13,674,938	0	678,430	12,996,508	0
Total Net Pension Liability	17,193,207	0	981,290	16,211,917	0
Net OPEB Liability					
SERS	1,073,607	0	424,319	649,288	0
Compensated Absences	5,421,403	51,171	0	5,472,574	681,399
Total General Long-Term Obligations	<u>\$42,695,288</u>	<u>\$164,233</u>	<u>\$2,365,889</u>	<u>\$40,493,632</u>	<u>\$1,630,536</u>

Changes in the compensated absences liability are presented at the net in the table above.

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

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

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 was amortized over a four year period ending in fiscal year 2022.

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 and workforce will make the sufficient payment.

Principal and interest requirements to retire the 2019 Refunding Bonds outstanding at June 30, 2025 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$560,000	\$178,844	\$738,844
2027	575,000	160,694	735,694
2028	600,000	141,694	741,694
2029	655,000	125,597	780,597
2030	670,000	103,600	773,600
2031-2033	2,255,000	139,100	2,394,100
Totals	<u>\$5,315,000</u>	<u>\$849,529</u>	<u>\$6,164,529</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 the 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.

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

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.

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:

Year	Principal Amount to be Redeemed
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:

Year	Principal Amount to be Redeemed
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:

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

Year	Principal Amount to be Redeemed
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, 2047, 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:

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, 2047.

Principal and interest requirements to retire the 2019 Certificates of Participation outstanding at June 30, 2025 are as follows:

Serial and Term Certificates			
Fiscal Year	Principal	Interest	Total
2026	\$235,000	\$389,388	\$624,388
2027	250,000	377,263	627,263
2028	260,000	364,513	624,513
2029	275,000	351,138	626,138
2030	290,000	337,013	627,013
2031-2035	1,665,000	1,450,765	3,115,765
2036-2040	2,065,000	1,060,161	3,125,161
2041-2045	2,465,000	650,234	3,115,234
2046-2049	2,320,000	171,824	2,491,824
Totals	\$9,825,000	\$5,152,299	\$14,977,299

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:

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$139,000	\$46,315	\$185,315
2027	146,000	39,367	185,367
2028	152,000	32,096	184,096
2029	116,000	25,527	141,527
2030	122,000	19,628	141,628
2031-2032	<u>264,000</u>	<u>20,289</u>	<u>284,289</u>
Total	<u>\$939,000</u>	<u>\$183,222</u>	<u>\$1,122,222</u>

The School District's overall legal debt margin was \$21,428,739, with an unvoted debt margin of \$297,153 at June 30, 2025.

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 12 and Note 13.

NOTE 16 – 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	\$50,609
Other Non-Major Governmental Funds	<u>9,248</u>
Total	<u>\$59,857</u>

NOTE 17 - 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 2025, 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 composed 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

Martins Ferry City School District
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Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2025, the total amount paid to the Council from the School District was \$68,041 for technology services, and \$25,565 for financial accounting services and educational management information. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS) - is a jointly governed organization composed of 120 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The CORAS is operated by a nineteen-member board composed of one elected and one appointed (one appointed seat is empty) from each of the eight regions into which the 32 Appalachian counties are divided, one dean appointment from the Ohio University College of Education, and three ex-officio members. The board exercises total control over the operations of the CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The CORAS provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The CORAS is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the CORAS. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at 322 Patton Hall, Ohio University, Athens, Ohio 45701. The School District's membership fee was \$400 for fiscal year 2025.

NOTE 18 - 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.

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.

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

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

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, 2024	\$0
Current Year Set-aside Requirement	314,969
Current Year Offsetting Revenue	(329,005)
Current Year Qualifying Expenditures	<u>(202,884)</u>
Totals	<u><u>(\$216,920)</u></u>

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

NOTE 20 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2025.

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

Litigation

The School District is currently not party to legal proceedings.

Oil/Gas Leases

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 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**Required
Supplementary
Information**

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 Ten Fiscal Years **

	2025	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.06285500%	0.06367310%	0.06342720%	0.06503260%	0.05940270%
School District's Proportionate Share of the Net Pension Liability	\$3,215,409	\$3,518,269	\$3,430,637	\$2,399,515	\$3,929,019
School District's Covered Payroll	\$2,634,143	\$2,526,079	\$2,369,364	\$2,244,757	\$2,082,521
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	122.07%	139.28%	144.79%	106.89%	188.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%	68.55%

* 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

2020	2019	2018	2017	2016
0.05633040%	0.05889730%	0.05314130%	0.05102880%	0.04987180%
\$3,370,347	\$3,373,159	\$3,175,077	\$3,734,837	\$2,845,733
\$1,932,452	\$1,895,467	\$1,736,929	\$1,574,150	\$1,486,768
174.41%	177.96%	182.80%	237.26%	191.40%
70.85%	71.36%	69.50%	62.98%	69.16%

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 Ten Fiscal Years **

	2025	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.06754374%	0.06350118%	0.06298970%	0.06326504%	0.06181633%
School District's Proportionate Share of the Net Pension Liability	\$12,996,508	\$13,674,938	\$14,002,690	\$8,089,004	\$14,957,352
School District's Covered Payroll	\$9,417,236	\$8,658,971	\$8,179,871	\$7,838,007	\$7,435,800
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	138.01%	157.93%	171.18%	103.20%	201.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	87.80%	87.80%	75.50%

* 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

2020	2019	2018	2017	2016
0.05892163%	0.05768999%	0.05696756%	0.05555434%	0.05528892%
\$13,030,164	\$12,684,734	\$13,532,767	\$18,595,712	\$15,280,240
\$6,955,650	\$6,217,636	\$6,663,364	\$5,871,371	\$5,598,221
187.33%	204.01%	203.09%	316.72%	272.95%
77.40%	77.30%	75.30%	66.80%	72.10%

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 Nine Fiscal Years (1)**

	2025	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.0637498%	0.0651680%	0.0644081%	0.0663796%	0.0610006%
School District's Proportionate Share of the Net OPEB Liability	\$649,288	\$1,073,607	\$904,297	\$1,256,290	\$1,325,744
School District's Covered Payroll	\$2,634,143	\$2,526,079	\$2,369,364	\$2,244,757	\$2,082,521
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.65%	42.50%	38.17%	55.97%	63.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%	18.17%

(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

2020	2019	2018	2017
0.0574666%	0.0594941%	0.0534871%	0.0512858%
\$1,445,165	\$1,650,526	\$1,435,453	\$1,461,835
\$1,932,452	\$1,895,467	\$1,736,929	\$1,574,150
74.78%	87.08%	82.64%	92.87%
15.57%	13.57%	12.46%	11.49%

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 Nine Fiscal Years (1)**

	2025	2024	2023	2022	2021
School District's Proportion of the Net OPEB (Asset) Liability	0.06754374%	0.06350118%	0.06298970%	0.06326504%	0.06186330%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,281,176)	(\$1,235,010)	(\$1,631,013)	(\$1,333,891)	(\$1,086,421)
School District's Covered Payroll	\$9,417,236	\$8,658,971	\$8,179,871	\$7,838,007	\$7,435,800
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-13.60%	-14.26%	-19.94%	-17.02%	-14.61%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%	182.10%

(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

2020	2019	2018	2017
0.05892163%	0.05768999%	0.05696756%	0.05555434%
(\$975,883)	(\$927,019)	\$2,222,664	\$2,971,061
\$6,955,650	\$6,217,636	\$6,663,364	\$5,871,371
-14.03%	-14.91%	33.36%	50.60%
174.70%	176.00%	47.10%	37.30%

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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Pension Liability					
Contractually Required Contribution	\$375,820	\$368,780	\$353,651	\$331,711	\$314,266
Contributions in Relation to the Contractually Required Contribution	<u>(375,820)</u>	<u>(368,780)</u>	<u>(353,651)</u>	<u>(331,711)</u>	<u>(314,266)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,684,429	\$2,634,143	\$2,526,079	\$2,369,364	\$2,244,757
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability					
Contractually Required Contribution (2)	\$43,806	\$44,108	\$45,741	\$39,777	\$39,515
Contributions in Relation to the Contractually Required Contribution	<u>(43,806)</u>	<u>(44,108)</u>	<u>(45,741)</u>	<u>(39,777)</u>	<u>(39,515)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.63%</u>	<u>1.67%</u>	<u>1.81%</u>	<u>1.68%</u>	<u>1.76%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.63%</u>	<u>15.67%</u>	<u>15.81%</u>	<u>15.68%</u>	<u>15.76%</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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$291,553	\$260,881	\$255,888	\$243,170	\$220,381
<u>(291,553)</u>	<u>(260,881)</u>	<u>(255,888)</u>	<u>(243,170)</u>	<u>(220,381)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,082,521	\$1,932,452	\$1,895,467	\$1,736,929	\$1,574,150
<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
\$36,154	\$43,515	\$40,476	\$27,121	\$24,122
<u>(36,154)</u>	<u>(43,515)</u>	<u>(40,476)</u>	<u>(27,121)</u>	<u>(24,122)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.74%</u>	<u>2.25%</u>	<u>2.14%</u>	<u>1.56%</u>	<u>1.53%</u>
<u>15.74%</u>	<u>15.75%</u>	<u>15.64%</u>	<u>15.56%</u>	<u>15.53%</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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Pension Liability					
Contractually Required Contribution	\$1,370,751	\$1,318,413	\$1,212,256	\$1,145,182	\$1,097,321
Contributions in Relation to the Contractually Required Contribution	<u>(1,370,751)</u>	<u>(1,318,413)</u>	<u>(1,212,256)</u>	<u>(1,145,182)</u>	<u>(1,097,321)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$9,791,079	\$9,417,236	\$8,658,971	\$8,179,871	\$7,838,007
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2016-2025 as STRS did not allocate any employer contributions to postemployment health care. There is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$1,041,012	\$973,791	\$870,469	\$932,871	\$821,992
<u>(1,041,012)</u>	<u>(973,791)</u>	<u>(870,469)</u>	<u>(932,871)</u>	<u>(821,992)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,435,800	\$6,955,650	\$6,217,636	\$6,663,364	\$5,871,371
<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, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of-living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported 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:

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

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount 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 through 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, 2025

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Beginning with Fiscal Year 2022	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Changes in Benefit Term – STRS Pension

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

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

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

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

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 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation

Fiscal year 2025	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

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

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

future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

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

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.

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

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

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

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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

To the Board of Education
Martins Ferry City School District
Belmont County, Ohio
5001 Ayers Limestone Road
Martins Ferry, OH 43935

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 Martins Ferry City School District, Belmont County, Ohio (the "School District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 28, 2026, wherein we noted net position was restated due to the implementation of GASB Statement No. 101.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
January 28, 2026

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance

To the Board of Education
Martins Ferry City School District
Belmont County, Ohio
5001 Ayers Limestone Road
Martins Ferry, Ohio 43935

Report on Compliance for the Major Federal Program

Qualified Opinion

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 OMB Compliance Supplement that could have a direct and material effect on each of the School District's major federal program for the year ended June 30, 2025. The School District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Qualified Opinion on Title I Grants to Local Educational Agencies Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinions section of our report, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Title I Grants to Local Educational Agencies Program for the year ended June 30, 2025.

Basis for Qualified Opinion

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

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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.

Matters Giving Rise to Qualified Opinion on Title I Grants to Local Educational Agencies Program

As described in the accompanying Schedule of Findings and Questioned Costs, the School District did not comply with the requirements regarding the Title I Grants to Local Educational Agencies Program as described in finding number 2025-003 for Allowable Activities/Allowable Cost Principles.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2025-003 to be a material weakness.

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
January 28, 2026

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

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 and Workforce</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program - Food Donation	10.555	N/A	0	29,877
Cash Assistance:				
School Breakfast Program	10.553	044347-2025	0	121,364
National School Lunch Program	10.555	044347-2025	0	299,339
Cash Assistance Subtotal			<u>0</u>	<u>420,703</u>
Total Child Nutrition Cluster			0	450,580
Total U.S. Department of Agriculture			<u>0</u>	<u>450,580</u>
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Facilities Construction Commission:</i>				
COVID-19: K12 School Safety Grant	21.027	044347-23	0	13,811
COVID-19: K12 School Safety Grant	21.027	044347-24	0	1,877
Total School Safety Grant			<u>0</u>	<u>15,688</u>
Total U.S. Department of Treasury			0	15,688
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce</i>				
Title I Grants to Local Educational Agencies	84.010A	044347-C1S1-24	0	81,199
Title I Grants to Local Educational Agencies	84.010A	044347-C1S1-25	0	543,459
Expanding Opportunities for Each Child	84.010A	044347-C1S1-24	0	1,406
Expanding Opportunities for Each Child	84.010A	044347-C1S1-25	0	42,861
Title I Noncompetitive Supplemental School Improvement	84.010A	044347-C1S1-25	0	96,965
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>765,890</u>
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)	84.027A	044347-6BSF-25	0	414,118
Total Special Education, Grants to States (IDEA, Part B)			<u>0</u>	<u>414,118</u>
<i>Consortium Amount Passed/Transferred to East Central Ohio ESC</i>				
Special Education - Preschool Grants (IDEA Preschool)	84.173A	044347-25	<u>0</u>	<u>3,317</u>
Total Special Education Cluster (IDEA)			0	417,435
Supporting Effective Instruction State Grants	84.367A	044347-TRS1-24	0	17,952
Supporting Effective Instruction State Grants	84.367A	044347-TRS1-25	<u>0</u>	<u>74,266</u>
Total Supporting Effective Instruction State Grants			0	92,218
Title IV, Part A Student Support and Academic Enrichment Grant	84.424A	044347-25	<u>0</u>	<u>42,334</u>
Total Title IV, Part A Student Support and Academic Enrichment Grant			0	42,334
Total Title IV Grant			0	42,334
COVID-19: Education Stabilization Fund (ARP ESSER)	84.425U	044347-25	<u>0</u>	<u>50,167</u>
Total COVID-19: Education Stabilization Fund			0	50,167
Total U.S. Department of Education			<u>0</u>	<u>1,368,044</u>
Total Expenditures of Federal Awards			<u>0</u>	<u>1,834,312</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 PART 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 (or 15-percent, if applicable) de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – TRANSFERS

The School District consolidated Federal, State and Local funds into a Schoolwide Pool during the fiscal year (see Note I). The School District made the following transfers of federal funds during fiscal year 2025:

<u>Program Title</u>	<u>AL #</u>	<u>Transfer Out</u>	<u>Transfer In</u>
Title I Grants to Local Educational Agencies	84.010A	\$ 618,120	
Schoolwide Pool	N/A		\$ 618,120
Title II-A Supportive Effective Instruction State Grants	84.367A	92,218	
Schoolwide Pool	N/A		92,218

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE G – SCHOOLWIDE POOL

The School District consolidated Federal, State and Local funds into a Schoolwide Pool during the fiscal year. The amounts allocated from these funds to the Schoolwide Pool during fiscal year 2025 are as follows:

<u>Fund/Grant</u>	<u>AL #</u>	<u>Amount Allocated</u>
General Fund	N/A	\$ 2,563,065
Title I Grants to Local Educational Agencies	84.010A	618,120
Title II-A Supportive Effective Instruction State Grants	84.367A	92,218
		<u>\$ 3,273,403</u>

Martins Ferry City School District
Belmont County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): Title I	84.010A
(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 2025-001

Significant Deficiency – Internal Control Over Financial Reporting

Criteria: The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. AU-C 265 establishes standards, responsibilities, and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. This standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, AU-C 265 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Martins Ferry City School District
Belmont County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2025

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

Finding Number 2025-001 (Continued)

Significant Deficiency – Internal Control Over Financial Reporting (Continued)

Condition: There was an error identified in the School District’s calculation of taxes receivable in the Debt Service Fund, which resulted in an over-statement of property taxes receivable and deferred inflows of resources for property taxes.

Context: An audit adjustment was required to reduce property taxes receivable and deferred inflows of resources for property taxes by \$310,862 in the Debt Service Fund.

Cause: The School District incorrectly certified all expected revenues in the Debt Service Fund as tax revenues on the fiscal year 2026 certificate of estimated resources. This fund also receives intergovernmental revenues and interest earnings, which should have been separately identified on the certificate of estimated resources. This caused an overstatement of the taxes receivable calculation.

Effect: The audit adjustment described above was necessary to properly present the financial statements in accordance with generally accepted accounting principles (GAAP).

Recommendation: The School District should implement additional procedures to ensure the certificate of estimated resources is accurate and complete.

Management’s Response: See corrective action plan.

Finding Number 2025-002

Significant Deficiency – Payroll Processing Internal Controls

Criteria: Management is responsible for establishing internal controls over the payroll process to ensure employee compensation is authorized, accurate, and in accordance with approved salary schedules, board-approved contracts and negotiated agreements.

Condition: The School District identified an employee that was placed on the incorrect salary step upon hire, which resulted in an overpayment of wages. The employee was placed on a masters degree salary step, however should have been placed on bachelors degree + 150 salary step.

Context: The cumulative effect since the employee’s hire date is an overpayment of \$25,614. The School District and employee agreed upon a repayment schedule as soon as the issue was identified.

Cause: The overpayment occurred due to insufficient review and approval controls over the initial placement on the salary schedule. There was a breakdown in the human resource process in which employee credentials were not verified to support placement on the salary schedule.

Martins Ferry City School District
Belmont County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2025

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

Finding Number 2025-002 (Continued)

Significant Deficiency – Payroll Processing Internal Controls (Continued)

Effect: As a result of the incorrect salary schedule placement, the employee was overpaid. While the amount is not material to the financial statements as a whole, the error indicates a breakdown in internal controls over payroll authorization and accuracy.

Recommendation: The School District should implement additional procedures to ensure employees are paid in accordance with approved salary schedules. An independent review and documented approval process should be implemented to ensure all employees are paid at the correct rate.

Management's Response: See corrective action plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number: 2025-003

Federal Program: Title I

Federal Award Identification Number and Year: 2025

Assistance Listing Number (ALN): 84.010A

Federal Awarding Agency: U.S. Department of Education

Pass-through Entity: Ohio Department of Education and Workforce

Repeat Finding: No

Material Weakness/Material Noncompliance – Payroll Expenses

Criteria: Uniform Guidance §200.430(i)(1) requires that charges to federal awards for salaries and wages be based on records that accurately reflect the work performed and be supported by a system of internal controls providing reasonable assurance that charges are accurate, allowable, and properly allocated. Additionally, Title I, Part A funds may only be used for allowable costs that directly support eligible Title I activities in accordance with the approved application and applicable cost principles under 2 CFR Part 200, Subpart E.

Martins Ferry City School District
Belmont County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2025

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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Finding Number: 2025-003 (Continued)

Material Weakness/Material Noncompliance – Payroll Expenses (Continued)

Condition/Context: During testing of payroll expenditures, we noted the following issues:

- Unallowable disbursements were made for athletic supplemental salaries for two employees, resulting in questioned costs of \$20,751.
- One employee was paid for committee meetings at an incorrect pay rate, resulting in questioned costs of \$45.
- One employee was paid at the incorrect pay rate due to being placed on the incorrect salary step schedule, resulting in questioned costs of \$6,583.
- One employee whose salary was approved to be allocated between Title I and the General fund, however the actual allocation did not match the approved allocation. This issue resulted in questioned costs of \$1,699.

Questioned Costs: In our testing we identified total known questioned costs of \$29,078 and projected questioned costs of \$105,870.

Identification of How Questioned Costs Were Computed: Questions costs were computed by comparing the actual recorded value to the calculated audit value and identifying the known questioned costs. The known costs were used to calculate the percentage of the total recorded amounts impacted in testing and applied to the remaining untested population to identify the projected questioned costs.

Effect: Payments of salaries resulted in identified questioned costs that were improperly charged to federal funds. The School District's internal controls related to the review and approval of the respective expenditures failed to prevent or detect the payments being improperly charged.

Recommendation: We recommend the School District implement procedures to ensure expenditures are for allowable purposes prior to disbursement. Management should implement steps for review and approval of all grant related disbursements.

Views of Responsible Officials and Corrective Action Plan: See Corrective Action Plan.

MARTINS FERRY CITY SCHOOL DISTRICT

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Martins Ferry City School District
Belmont County, Ohio
Corrective Action Plan
2 CFR Section 200.511(c)
For the Fiscal Year Ended June 30, 2025

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2025-001	The District will implement procedures to ensure the certificate of estimated resources is accurate and complete.	6/30/2026	Holly Skulich, Treasurer
2025-002	The District will implement procedures to ensure additional procedures to ensure employees are paid in accordance with approved salary schedules.	6/30/2026	Holly Skulich, Treasurer
2025-003	The District will implement procedures to ensure all expenditures are for allowable purposes prior to disbursement.	6/30/2026	Holly Skulich, Treasurer

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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 5/14/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov