



OHIO AUDITOR OF STATE
KEITH FABER



**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2021**

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**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 24, 2022

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

The discussion and analysis of the Martins Ferry City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the 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 2021 are as follows:

- In total, net position decreased \$1,104,785.
- General revenues accounted for \$16,169,043 in revenue or approximately 72 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 \$6,440,996 or approximately 28 percent of total revenues of \$22,610,039.
- Total assets of governmental activities increased \$698,362, primarily due to increases in property taxes receivable, which was offset slightly by a decrease in capital assets. Total liabilities increased \$1,410,210, primarily due an increase in the net pension liability, which was offset by a decrease in other long-term obligations.
- The School District had \$23,714,824 in expenses related to governmental activities; only \$6,440,996 of these expenses were offset by program specific charges for services and sales and operating grants and contributions. General revenues of \$16,169,043 were not adequate to provide for these programs.
- Total governmental funds had \$22,569,406 in revenues and \$23,011,654 in expenditures. Overall, including other financing sources and uses, Total Governmental Funds' balance decreased \$442,248.

Using this Annual Financial Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Martins Ferry City School District, the General Fund, the Schoolwide Pool Special Revenue Fund, and the Debt Service Fund are the only major or significant funds.

Martins Ferry City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Reporting the District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, and other government units. These activities are reported as custodial funds. The School District's fiduciary activities are reported in a separate Statement of Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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

The School District as a Whole

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

Table 1			
Net Position			
Governmental Activities			
	2021	2020	Net Change
Assets			
Current and Other Assets	\$20,320,323	\$19,439,461	\$880,862
Net OPEB Asset	1,086,421	975,883	110,538
Capital Assets	41,546,749	41,839,787	(293,038)
Total Assets	62,953,493	62,255,131	698,362
Deferred Outflows of Resources			
Deferred Charge on Refunding	36,223	72,448	(36,225)
Pension	4,036,834	3,545,355	491,479
OPEB	645,157	466,867	178,290
Total Deferred Outflows of Resources	4,718,214	4,084,670	633,544
Liabilities			
Current and Other Liabilities	1,905,638	2,010,050	(104,412)
Long-Term Liabilities:			
Due Within One Year	778,644	852,984	(74,340)
Due in More than One Year:			
Net Pension Liability	18,886,371	16,400,511	2,485,860
Net OPEB Liability	1,325,744	1,445,165	(119,421)
Other Amounts	22,237,652	23,015,129	(777,477)
Total Liabilities	45,134,049	43,723,839	1,410,210
Deferred Inflows of Resources			
Property Taxes	6,191,284	4,834,173	1,357,111
Pension	123,306	820,634	(697,328)
OPEB	2,000,216	1,633,518	366,698
Total Deferred Inflows of Resources	8,314,806	7,288,325	1,026,481
Net Position			
Net Investment in Capital Assets	21,401,223	21,556,469	(155,246)
Restricted	4,692,308	4,579,613	112,695
Unrestricted (Deficit)	(11,870,679)	(10,808,445)	(1,062,234)
Total Net Position	\$14,222,852	\$15,327,637	(\$1,104,785)

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

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities increased \$698,362. Currents assets increased \$880,862 primarily due to increases in property taxes receivable, primarily due to increases in assessed valuation of public utility personal property. Capital assets decreased \$293,038 primarily due to completing projects, with annual depreciation offsetting the increases. The School District is reporting a net OPEB asset in the amount of \$1,086,421 (more detailed information regarding the net OPEB asset can be found in Note 12). Capital assets decreased \$293,038 as annual depreciation exceeded capital asset additions during the fiscal year.

The School District's total liabilities increased \$1,410,210. Current and other liabilities decreased \$104,412 primarily due to decreases for contracts payable as ongoing projects were completed during the fiscal year. Long-term liabilities increased \$1,514,622, primarily due to an increase in the net pension liability. The increase in net pension liability was offset by annual debt service payments on existing long-term obligations as well as decreases in the net OPEB liability. For more detailed information on the net pension liability and the net OPEB liability, see Notes 11 and 12 respectively.

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 2021 and 2020.

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

Table 2
Changes in Net Position
Governmental Activities

	2021	2020	Net Change
Revenues			
Program Revenue			
Charges for Services and Sales	\$2,170,895	\$2,421,351	(\$250,456)
Operating Grants and Contributions	4,199,905	3,467,364	732,541
Capital Grants and Contributions	70,196	0	70,196
Total Program Revenue	<u>6,440,996</u>	<u>5,888,715</u>	<u>552,281</u>
General Revenue			
Property Taxes	6,066,313	5,762,400	303,913
Grants and Entitlements	9,853,747	9,705,691	148,056
Gifts and Donations	29,827	31,908	(2,081)
Investment Earnings	8,683	180,634	(171,951)
Miscellaneous	210,473	67,392	143,081
Total General Revenue	<u>16,169,043</u>	<u>15,748,025</u>	<u>421,018</u>
Total Revenues	<u>\$22,610,039</u>	<u>\$21,636,740</u>	<u>\$973,299</u>
Program Expenses			
Instruction:			
Regular	\$10,315,478	\$9,594,845	\$720,633
Special	3,434,664	3,573,767	(139,103)
Vocational	501,166	581,204	(80,038)
Student Intervention Services	215,296	76,005	139,291
Support Services:			
Pupil	1,017,023	703,156	313,867
Instructional Staff	538,464	494,022	44,442
Board of Education	106,183	126,217	(20,034)
Administration	1,626,908	1,805,255	(178,347)
Fiscal	738,931	624,600	114,331
Operation and Maintenance of Plant	1,914,418	1,598,503	315,915
Pupil Transportation	1,008,008	961,461	46,547
Central	111,286	121,429	(10,143)
Operation of Non-Instructional Services	585,776	202,906	382,870
Food Service Operations	330,885	785,381	(454,496)
Extracurricular Activities	657,465	723,361	(65,896)
Interest and Fiscal Charges	612,873	749,185	(136,312)
Total Expenses	<u>23,714,824</u>	<u>22,721,297</u>	<u>993,527</u>
Change in Net Position	(1,104,785)	(1,084,557)	(20,228)
Net Position Beginning of Year	<u>15,327,637</u>	<u>16,412,194</u>	<u>(1,084,557)</u>
Net Position End of Year	<u>\$14,222,852</u>	<u>\$15,327,637</u>	<u>(\$1,104,785)</u>

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

In fiscal year 2021, 27 percent of the School District's revenues were from property taxes, and 44 percent were from unrestricted grants and entitlements. Charges for services program revenue decreased in the amount of \$250,456. Program revenue consisting of charges for services, operating grants and contributions, and capital grants and contributions increased \$552,281 from the prior fiscal year. The increase is primarily due to an increase in federal funding as a result of various coronavirus relief packages. Conversely, the ongoing impact of the COVID-19 pandemic are primarily responsible for the decrease in charges for services program revenue, as extracurricular revenues and food service customer sales decreased from fiscal year 2020.

Instruction comprises approximately 61 percent of total governmental program expenses. Of the instructional expenses approximately 71 percent is for regular instruction, approximately 24 percent is for special instruction, while vocational and student intervention services comprises the remaining 5 percent. Overall program expenses increased over the prior fiscal year in the amount of \$993,527, primarily due to pension expense, and annual depreciation exceeding capital asset additions.

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 2021 compared to fiscal year 2020. 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	
	2021	2020	2021	2020
Instruction:				
Regular	\$10,315,478	\$9,594,845	\$8,115,605	\$7,180,871
Special	3,434,664	3,573,767	1,682,607	1,732,739
Vocational	501,166	581,204	360,875	440,913
Student Intervention Services	215,296	76,005	215,296	76,005
Support Services:				
Pupil	1,017,023	703,156	708,227	500,974
Instructional Staff	538,464	494,022	538,464	494,022
Board of Education	106,183	126,217	106,183	126,217
Administration	1,626,908	1,805,255	1,607,362	1,790,708
Fiscal	738,931	624,600	546,777	422,587
Operation and Maintenance of Plant	1,914,418	1,598,503	727,564	1,520,057
Pupil Transportation	1,008,008	961,461	905,325	956,090
Central	111,286	121,429	105,886	114,880
Operation of Non-Instructional Services	585,776	202,906	425,264	(19,185)
Food Service Operations	330,885	785,381	60,375	271,305
Extracurricular Activities	657,465	723,361	555,145	475,214
Interest and Fiscal Charges	612,873	749,185	612,873	749,185
Total Expenses	\$23,714,824	\$22,721,297	\$17,273,828	\$16,832,582

The dependence upon tax revenues and state subsidies for governmental activities is apparent, as approximately 73 percent of total expenses are supported through taxes and other general revenues.

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

The School District Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The School District has three major funds, the General Fund, the Schoolwide Pool Special Revenue Fund, and the Debt Service Fund. The General Fund had \$18,308,980 in revenues and \$14,714,038 in expenditures. Including other financing uses, the General Fund's balance decreased \$19,040, as increases in property tax revenue and Workers' Compensation rebates allowed for revenues to mostly offset the increase in transfers out to other funds. The Schoolwide Pool Fund had \$481,535 in revenues and \$3,153,746 in expenditures. Including other financing sources, the Schoolwide Pool had no change in fund balance. The Debt Service Fund had revenues in the amount of \$860,696 and expenditures in the amount of \$1,341,988. Including other financing sources, the Debt Service Fund's balance decreased \$101,717, as the School District utilizes accumulated fund balance resources to retire 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 2021, the School District amended its General Fund budget, and the budgetary statement reflects both the original and final amounts. Final budgeted amounts differed from original amount as the School District amended these amounts to more closely reflect actual operations. As a result of this budgetary practice actual amounts do not differ significantly from final budget amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$41,546,749 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles, net of depreciation. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020.

Table 4
Capital Assets Net of Depreciation
Governmental Activities

	2021	2020
Land	\$2,436,556	\$2,436,556
Construction in Progress	0	10,360,931
Land Improvements	5,118,878	2,029,279
Buildings and Improvements	33,345,418	26,526,801
Furniture and Equipment	173,824	137,496
Vehicles	472,073	348,724
Totals	\$41,546,749	\$41,839,787

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

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

Debt

At June 30, 2021, the School District had \$20,388,744 in outstanding general obligation bonds including accretion of interest on capital appreciation bonds, premiums, discounts, Qualified Zone Academy Bonds, and Certificates of Participation including premium, with \$612,052 due within one year. In addition, the School District had \$1,434,000 in outstanding capital leases, with \$115,000 due within one year.

Table 5
Outstanding Debt at Fiscal Year End
Governmental Activities

	2021	2020
<i>2012 Refunding Bonds</i>		
Capital Appreciation Bonds	\$32,433	\$75,311
Accretion on Capital Appreciation Bonds	379,619	648,602
Premium	280,782	561,565
<i>2019 Refunding Bonds</i>		
Serial Bonds	6,835,000	6,835,000
Premium	383,051	415,651
<i>2016 Qualified Zone Academy Bonds</i>	1,500,000	1,500,000
<i>2019 Certificates of Participation</i>		
Serial Bonds	10,675,000	10,870,000
Premium	302,859	313,872
Capital Leases	1,434,000	1,543,000
Total	\$21,822,744	\$22,763,001

See Note 16 for more detailed information regarding the School District's debt and other long-term obligations, including compensated absences, and net pension/OPEB liabilities.

Economic Factors

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

During fiscal year 2021, the District continued its Schoolwide pool for the elementary school; whereas, it combines General Fund moneys with Title I and Title IIA Federal moneys to allow the School District more flexibility for the use of the Federal Funds.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Dana Garrison, Treasurer/CFO at Martins Ferry City School District, 5001 Ayers Limestone Rd, Martins Ferry, Ohio 43935.

Martins Ferry City School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,173,263
Investments with Fiscal and Escrow Agents	381,633
Intergovernmental Receivable	514,144
Materials and Supplies Inventory	49,649
Property Taxes Receivable	7,136,494
Prepaid Items	6,623
Unamortized Certificates of Participation Insurance Premium	58,517
Net OPEB Asset	1,086,421
Non-Depreciable Capital Assets	2,436,556
Depreciable Capital Assets, Net	39,110,193
Total Assets	62,953,493
Deferred Outflows of Resources	
Deferred Charge on Refunding	36,223
Pension	4,036,834
OPEB	645,157
Total Deferred Outflows of Resources	4,718,214
Liabilities	
Accounts Payable	172,465
Accrued Wages and Benefits Payable	1,136,273
Intergovernmental Payable	475,558
Accrued Interest Payable	52,974
Vacation Benefits Payable	68,368
Long-Term Liabilities:	
Due Within One Year	778,644
Due In More Than One Year:	
Net Pension Liability	18,886,371
Net OPEB Liability	1,325,744
Other Amounts	22,237,652
Total Liabilities	45,134,049
Deferred Inflows of Resources	
Property Taxes	6,191,284
Pension	123,306
OPEB	2,000,216
Total Deferred Inflows of Resources	8,314,806
Net Position	
Net Investment in Capital Assets	21,401,223
Restricted for:	
Debt Service	2,629,759
Capital Projects	1,343,553
Food Service	165,879
Classroom Facilities Maintenance	191,508
State Programs	264,535
Federal Programs	10,730
Student Activities	52,243
Other Purposes	34,101
Unrestricted (Deficit)	(11,870,679)
Total Net Position	\$14,222,852

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$10,315,478	\$1,775,431	\$424,442	\$0	(\$8,115,605)
Special	3,434,664	0	1,752,057	0	(1,682,607)
Vocational	501,166	0	140,291	0	(360,875)
Student Intervention Services	215,296	0	0	0	(215,296)
Support Services:					
Pupil	1,017,023	0	308,796	0	(708,227)
Instructional Staff	538,464	0	0	0	(538,464)
Board of Education	106,183	0	0	0	(106,183)
Administration	1,626,908	0	19,546	0	(1,607,362)
Fiscal	738,931	0	192,154	0	(546,777)
Operation and Maintenance of Plant	1,914,418	211,483	975,371	0	(727,564)
Pupil Transportation	1,008,008	0	32,487	70,196	(905,325)
Central	111,286	0	5,400	0	(105,886)
Operation of Non-Instructional Service	585,776	0	160,512	0	(425,264)
Food Service Operations	330,885	82,496	188,014	0	(60,375)
Extracurricular Activities	657,465	101,485	835	0	(555,145)
Interest and Fiscal Charges	612,873	0	0	0	(612,873)
Total Governmental Activities	\$23,714,824	\$2,170,895	\$4,199,905	\$70,196	(17,273,828)
General Revenues					
Property Taxes Levied for General Purposes					5,036,321
Property Taxes Levied for Capital Outlay					224,953
Property Taxes Levied for Debt Service					750,061
Property Taxes Levied for Building Maintenance					54,978
Grants and Entitlements not Restricted to Specific Programs					9,853,747
Gifts and Donations					29,827
Investment Earnings					8,683
Miscellaneous					210,473
Total General Revenues					16,169,043
Change in Net Position					(1,104,785)
Net Position Beginning of Year					15,327,637
Net Position End of Year					\$14,222,852

See accompanying notes to the basic financial statements

Martins Ferry City School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$7,642,749	\$0	\$2,460,130	\$2,070,384	\$12,173,263
Restricted Assets:					
Investments with Fiscal and Escrow Agents	0	0	381,633	0	381,633
Receivables:					
Property Taxes	5,905,644	0	909,300	321,550	7,136,494
Intergovernmental	256,395	0	0	257,749	514,144
Interfund	196,599	352,865	0	0	549,464
Prepaid Items	6,623	0	0	0	6,623
Materials and Supplies Inventory	28,009	0	0	21,640	49,649
Total Assets	\$14,036,019	\$352,865	\$3,751,063	\$2,671,323	\$20,811,270
Liabilities					
Accounts Payable	\$164,488	\$0	\$0	\$7,977	\$172,465
Accrued Wages and Benefits Payable	718,533	305,731	0	112,009	1,136,273
Interfund Payable	313,529	0	0	235,935	549,464
Intergovernmental Payable	403,225	47,134	0	25,199	475,558
Total Liabilities	1,599,775	352,865	0	381,120	2,333,760
Deferred Inflows of Resources					
Property Taxes	5,144,720	0	765,471	281,093	6,191,284
Unavailable Revenue	729,553	0	99,358	46,997	875,908
Total Deferred Inflows of Resources	5,874,273	0	864,829	328,090	7,067,192
Fund Balances					
Nonspendable:					
Inventories	28,009	0	0	21,640	49,649
Prepays	6,623	0	0	0	6,623
Restricted for:					
Debt Service	0	0	2,886,234	0	2,886,234
Capital Projects	0	0	0	1,322,824	1,322,824
Food Service Operations	0	0	0	144,239	144,239
Classroom Facilities Maintenance	0	0	0	184,598	184,598
Local Programs	0	0	0	34,101	34,101
State Programs	0	0	0	264,535	264,535
Student Athletics	0	0	0	52,243	52,243
Committed to:					
Termination Benefits	89,160	0	0	0	89,160
Assigned for:					
Purchases on Order	245,137	0	0	0	245,137
Capital Projects	952,867	0	0	0	952,867
Unassigned (Deficit)	5,240,175	0	0	(62,067)	5,178,108
Total Fund Balances	6,561,971	0	2,886,234	1,962,113	11,410,318
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$14,036,019	\$352,865	\$3,751,063	\$2,671,323	\$20,811,270

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, 2021*

Total Governmental Fund Balances		\$11,410,318
<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.		41,546,749
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	647,452	
Grants	19,358	
Tuition and Fees	209,098	
Total	875,908	875,908
In the Statement of Activities, interest is accrued on outstanding bonds and notes, whereas in the governmental funds, an interest expenditure is reported when due.		(52,974)
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.		(68,368)
Unamortized insurance premiums on the certificates of participation do not provide current financial resources, and therefore are not reported in the funds.		58,517
The unamortized portion of the difference on refunding represents deferred charges on refunding, which are not reported in the funds.		36,223
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds - Serial	6,835,000	
General Obligation Bonds - Capital Appreciation Bonds	313,215	
Capital Appreciation Bond Interest Accretion	379,619	
Premium on Serial/Term Bonds	383,051	
Qualified Zone Academy Bonds	1,500,000	
Certificates of Participation	10,675,000	
Premium on Certificates of Participation	302,859	
Capital Leases	1,434,000	
Compensated Absences	1,193,552	
Total	(23,016,296)	(23,016,296)
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	1,086,421	
Deferred Outflows - Pension	4,036,834	
Deferred Outflows - OPEB	645,157	
Net Pension Liability	(18,886,371)	
Net OPEB Liability	(1,325,744)	
Deferred Inflows - Pension	(123,306)	
Deferred Inflows - OPEB	(2,000,216)	
Total	(16,567,225)	(16,567,225)
Net Position of Governmental Activities		\$14,222,852

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, 2021

	General	Schoolwide Pool	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$4,930,023	\$0	\$730,551	\$274,128	\$5,934,702
Intergovernmental	11,142,756	481,535	128,489	2,422,637	14,175,417
Investment Earnings	5,765	0	1,656	1,262	8,683
Tuition and Fees	1,806,314	0	0	0	1,806,314
Extracurricular Activities	0	0	0	101,485	101,485
Rent and Royalties	211,483	0	0	0	211,483
Contributions and Donations	250	0	0	29,577	29,827
Charges for Services	8,526	0	0	82,496	91,022
Miscellaneous	203,863	0	0	6,610	210,473
Total Revenues	18,308,980	481,535	860,696	2,918,195	22,569,406
Expenditures					
Current:					
Instruction:					
Regular	6,317,702	2,235,509	0	594,673	9,147,884
Special	1,620,977	918,237	0	550,275	3,089,489
Vocational	460,528	0	0	0	460,528
Student Intervention Services	75,475	0	0	66,760	142,235
Support Services:					
Pupil	611,655	0	0	311,322	922,977
Instructional Staff	438,357	0	0	5,339	443,696
Board of Education	106,183	0	0	0	106,183
Administration	1,407,366	0	0	21,298	1,428,664
Fiscal	653,130	0	14,981	5,223	673,334
Operation and Maintenance of Plant	1,450,130	0	0	233,290	1,683,420
Pupil Transportation	772,119	0	0	79,849	851,968
Central	98,046	0	0	5,400	103,446
Operation of Non-Instructional Services	0	0	0	454,253	454,253
Food Service Operations	0	0	0	215,597	215,597
Extracurricular Activities	489,698	0	0	157,108	646,806
Capital Outlay	24,274	0	0	1,101,495	1,125,769
Debt Service:					
Principal Retirement	109,000	0	237,878	0	346,878
Interest on Capital Appreciation Bonds	0	0	432,122	0	432,122
Interest and Fiscal Charges	79,398	0	657,007	0	736,405
Total Expenditures	14,714,038	3,153,746	1,341,988	3,801,882	23,011,654
Excess of Revenues Over (Under) Expenditures	3,594,942	(2,672,211)	(481,292)	(883,687)	(442,248)
Other Financing Sources (Uses)					
Transfers In	0	2,672,211	379,575	562,196	3,613,982
Transfers Out	(3,613,982)	0	0	0	(3,613,982)
Total Other Financing Sources (Uses)	(3,613,982)	2,672,211	379,575	562,196	0
Net Change in Fund Balances	(19,040)	0	(101,717)	(321,491)	(442,248)
Fund Balances Beginning of Year	6,581,011	0	2,987,951	2,283,604	11,852,566
Fund Balances End of Year	<u>\$6,561,971</u>	<u>\$0</u>	<u>\$2,886,234</u>	<u>\$1,962,113</u>	<u>\$11,410,318</u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds		(\$442,248)
<i>Amounts reported for governmental activities in the Statement of Activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Capital Assets Additions	1,106,681	
Depreciation Expense	<u>(1,399,719)</u>	
Total		(293,038)
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		
Delinquent Property Taxes	131,611	
Grants	(51,569)	
Tuition and Fees	<u>(39,409)</u>	
Total		40,633
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt in the Statement of Activities, and the accretion of interest on capital appreciation bonds is reported in the Statement of Activities.		
Accrued Interest	628	
Accretion on Capital Appreciation Bonds	<u>(163,139)</u>	
Total		(162,511)
Insurance premiums on debt issues are a component in the cost of issuance in the governmental funds, but are allocated as an expense over the life of the bonds in the Statement of Activities.		
		(2,128)
The refunding difference is allocated as a reduction of expense in the Statement of Activities over the life of the bonds.		
		(36,225)
Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds in the Statement of Activities.		
		324,396
Repayment of principal/accretion on capital appreciation bonds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Capital Appreciation Bonds	42,878	
Accretion on Capital Appreciation Bonds	432,122	
Certificates of Participation	195,000	
Capital Leases	<u>109,000</u>	
Total		779,000
Some expenses reported in the Statement of Activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Vacation Benefits Payable	31,278	
Compensated Absences	<u>(88,440)</u>	
Total		(57,162)
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	1,411,587	
OPEB	<u>39,515</u>	
Total		1,451,102
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	(2,708,640)	
OPEB	<u>2,036</u>	
Total		<u>(2,706,604)</u>
Change in Net Position of Governmental Activities		<u><u>(\$1,104,785)</u></u>

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$5,112,812	\$5,328,729	\$5,328,729	\$0
Intergovernmental	10,328,550	11,107,402	11,107,402	0
Interest	5,000	5,513	5,765	252
Tuition and Fees	1,680,000	1,806,314	1,806,314	0
Rent and Royalties	0	211,483	211,483	0
Charges for Services	8,000	8,526	8,526	0
Contributions and Donations	0	250	250	0
Miscellaneous	233,000	203,863	203,863	0
Total Revenues	17,367,362	18,672,080	18,672,332	252
Expenditures				
Current:				
Instruction:				
Regular	6,370,711	6,385,910	6,391,246	(5,336)
Special	1,628,991	1,639,194	1,639,194	0
Vocational	515,319	527,422	527,423	(1)
Student Intervention Services	75,220	79,639	79,639	0
Support Services:				
Pupil	619,240	617,652	617,652	0
Instructional Staff	441,000	439,741	439,741	0
Board of Education	107,166	125,258	125,259	(1)
Administration	1,406,736	1,410,811	1,410,811	0
Fiscal	658,000	655,961	655,961	0
Operation and Maintenance of Plant	1,425,987	1,566,418	1,516,718	49,700
Pupil Transportation	774,953	772,806	772,806	0
Central	99,000	98,439	98,439	0
Extracurricular Activities	450,383	495,822	495,822	0
Capital Outlay	0	24,274	24,274	0
Debt Service:				
Principal Retirement	109,000	109,000	109,000	0
Interest and Fiscal Charges	80,000	79,398	79,398	0
Total Expenditures	14,761,706	15,027,745	14,983,383	44,362
Excess of Revenues Over Expenditures	2,605,656	3,644,335	3,688,949	44,614
Other Financing Sources (Uses)				
Advances In	0	247,239	247,239	0
Transfers Out	(3,940,000)	(3,726,944)	(3,726,944)	0
Advances Out	(197,000)	(196,599)	(196,599)	0
Total Other Financing Sources (Uses)	(4,137,000)	(3,676,304)	(3,676,304)	0
Net Change in Fund Balance	(1,531,344)	(31,969)	12,645	44,614
Fund Balance Beginning of Year	7,169,478	7,169,478	7,169,478	0
Prior Year Encumbrances Appropriated	215,489	215,489	215,489	0
Fund Balance End of Year	\$5,853,623	\$7,352,998	\$7,397,612	\$44,614

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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Total Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	2,346,867	2,196,884	2,196,884	0
Special	975,608	913,258	913,258	0
Total Expenditures	3,322,475	3,110,142	3,110,142	0
Excess of Revenues Under Expenditures	(3,322,475)	(3,110,142)	(3,110,142)	0
Other Financing Sources (Uses)				
Transfers In	3,322,475	3,350,023	3,350,023	0
Advances Out	0	(239,881)	(239,881)	0
Total Other Financing Sources (Uses)	3,322,475	3,110,142	3,110,142	0
Net Change in Fund Balance	0	0	0	0
Fund Balance (Deficit) Beginning of Year	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

See accompanying notes to the basic financial statements

Martins Ferry City School District
Statement of Changes in Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Custodial Fund</u>
Additions	
Extracurricular Amounts Collected for Other Governments	\$2,902
Deductions	
Extracurricular Distributions to Other Governments	3,174
Change in Net Position	(272)
Net Position Beginning of Year	272
Net Position End of Year	\$0

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, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1853 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 12 square miles. It is located in Belmont County and includes all the city of Martins Ferry and portions of Pease and Colerain Townships. It is staffed by 53 non-certified employees, 104 certified full-time teaching personnel and 20 administrative employees, who provide services to 1,480 students and other community members. The School District currently operates 2 instructional/support buildings, 1 administrative building, and 1 bus garage facility.

Reporting Entity:

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

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

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

The School District participates in the Belmont-Harrison Vocational School District, and the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), which are jointly governed organizations, the Ohio School Comp – OASBO/OSBA Workers' Compensation Group Retrospective Rating Program (GRRP), the Ohio School Plan (OSP), and the Portage Area School Consortium (Consortium), which are defined as insurance and purchasing pool. These organizations are presented in Notes 17 and 18.

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

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.

A. Basis of Presentation

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

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

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

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

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

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

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

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no proprietary funds.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District as fiscal agent for locally hosted tournaments for the Ohio High School Athletic Association.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in

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

Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

D. Basis of Accounting

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

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

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

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. See Notes 11 and 12.

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2021, investments also included money market mutual funds, which are measured at net asset value per share.

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

Following Ohio Statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$5,765, which includes \$1,548 assigned from other School District funds.

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

F. Restricted Assets

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

G. Prepaid Items

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

H. 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.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

J. Interfund Balances

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service.

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

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

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

L. 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.

M. Accrued Liabilities and Long-term Obligations

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

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

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

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

premiums, debt premiums, debt discounts and debt issuance costs are recognized in the period in which the debt is issued.

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

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

O. 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.

P. Fund Balance

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

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

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

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes

Martins Ferry City School District
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with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. For fiscal year 2021, the School District has committed fund balances for termination benefits.

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

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

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

Q. Net Position

Net position represent the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs.

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are with the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

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

T. Budgetary Data

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

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

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board's (GASB) Statement No. 98, *The Annual Comprehensive Financial Report*. GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The School District is also implementing Implementation Guide No. 2019-1. These changes were incorporated in the School District's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the General and Schoolwide Pool Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

Martins Ferry City School District
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1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis), rather than restricted, committed, or unassigned fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP) as opposed to operating transfers (Budget), as well as the reclassification of revenue that is required to be transferred on a cash (budget basis), but is reported as revenue on the operating statement (GAAP basis).
5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balance	
	General	Schoolwide Pool
GAAP Basis	(\$19,040)	\$0
Revenue Accruals	363,352	(481,535)
Advances In	247,239	0
Transfers In	0	677,812
Expenditure Accruals	(24,208)	43,604
Advances Out	(196,599)	(239,881)
Transfers Out	(112,962)	0
Encumbrances	(245,137)	0
Budget Basis	\$12,645	\$0

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2021, \$2,348,613 of the School District's total bank balance of \$12,240,471 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 60 percent resulting in the uninsured and uncollateralized balance.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
Money Market Mutual Fund	\$381,633	Less than one year	AAAm	100.00%

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, 2021. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

At June 30, 2021, the School District had investments with fiscal and escrow agents for the debt service sinking escrow account held by a fiscal agent. See Note 16 for more information.

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

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State 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 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 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, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2021, was \$240,469 in the General Fund, \$44,471 in the Debt Service Fund, \$3,204 in the Classroom Maintenance Special Revenue Fund, and \$9,614 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2020, was \$639,175 in the General Fund, \$123,862 in the Debt Service Fund, \$8,392 in the Classroom Maintenance Special Revenue Fund, and \$25,176 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.

Martins Ferry City School District
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The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$158,542,600	74.2%	\$167,495,940	67.7%
Public Utility Personal	55,028,730	25.8%	80,047,180	32.3%
Total Assessed Values	\$213,571,330	100.0%	\$247,543,120	100.0%

Tax Rate per \$1,000 of assessed valuation	\$40.05	\$40.05
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NOTE 7 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, interfund, intergovernmental grants, and tuition and fees. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$647,452 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Medicaid Reimbursement	\$47,297
Title I Grant	79,162
Title I Non-Competitive Grant	9,075
Title II-A Grant	10,925
Title IV-A Grant	2,264
State Preschool Grants	9,682
IDEA Restoration Grant	4,993
ESSER I Grant	13,984
ESSER II Grant	127,664
Excess Costs from Other School Districts	209,098
Total Intergovernmental Receivables	\$514,144

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2021, consist of the following interfund receivables and payables:

Martins Ferry City School District
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<u>Interfund Payable</u>	Interfund Receivable		<u>Total</u>
	General Fund	Schoolwide Pool Fund	
General Fund	\$0	\$313,529	\$313,529
Other Nonmajor Governmental Funds	196,599	39,336	235,935
Total	\$196,599	\$352,865	\$549,464

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, 2021 consisted of the following:

<u>Transfer to</u>	<u>Transfer from General Fund</u>
Schoolwide Pool Fund	\$2,672,211
Debt Service Fund	379,575
Other Nonmajor Governmental Fund	562,196
Total	\$3,613,982

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. Transfers from the General Fund to Other Nonmajor Governmental Funds were used to provide additional resources for capital projects.

NOTE 9 - CAPITAL ASSETS

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

Martins Ferry City School District
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	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Nondepreciable Capital Assets:				
Land	\$2,436,556	\$0	\$0	\$2,436,556
Construction in Progress	10,360,931	0	(10,360,931)	0
Total Nondepreciable Capital Assets	12,797,487	0	(10,360,931)	2,436,556
Depreciable Capital Assets:				
Land Improvements	4,475,654	3,339,800	0	7,815,454
Buildings and Improvements	39,374,912	7,858,991	0	47,233,903
Furniture and Equipment	2,232,025	75,361	(58,247)	2,249,139
Vehicles	1,237,869	193,460	(47,962)	1,383,367
Total Depreciable Capital Assets	47,320,460	11,467,612	(106,209)	58,681,863
Accumulated Depreciation:				
Land Improvements	(2,446,375)	(250,201)	0	(2,696,576)
Buildings and Improvements	(12,848,111)	(1,040,374)	0	(13,888,485)
Furniture and Equipment	(2,094,529)	(39,033)	58,247	(2,075,315)
Vehicles	(889,145)	(70,111)	47,962	(911,294)
Total Accumulated Depreciation	(18,278,160)	(1,399,719)	106,209	(19,571,670)
Total Depreciable Capital Assets, Net	29,042,300	10,067,893	0	39,110,193
Governmental Capital Assets, Net	\$41,839,787	\$10,067,893	(\$10,360,931)	\$41,546,749

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$542,555
Special	136,106
Vocational	8,842
Support Services:	
Pupil	20,136
Instructional Staff	67,121
Administration	101,120
Fiscal	13,424
Operation and Maintenance of Plant	170,996
Pupil Transportation	118,004
Food Service Operations	89,892
Extracurricular Activities	131,523
Total Depreciation Expense	\$1,399,719

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

NOTE 10 - RISK MANAGEMENT

Property, Fleet and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017 the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP (See Note 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)	\$55,390,816
<i>Commercial Auto Coverage:</i>	
Auto Liability-Combined Single Limit	3,000,000
Uninsured Motorists	1,000,000
Medical Payments	5,000
Comprehensive	1,000 deductible
Collision	1,000 deductible
<i>Commercial Crime:</i>	
Employee Theft - Per Employee (\$1,000 Deductible)	100,000
Forgery or Alteration - Per Occurrence (\$1,000 Deductible)	25,000
Inside / Outside the Premises - Theft (\$1,000 Deductible)	10,000
 <i>Educational General Liability:</i>	
Bodily Injury and Property Damage - Each Occurrence and Sexual Abuse Injury Limit - Each Sexual Abuse Offense	\$3,000,000
Personal and Advertising Injury - Each Offense Limit	3,000,000
Fire Damage - Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
Each Accident Limit	10,000
General Aggregate Limit	5,000,000
Products-Completed Operations Aggregate Limit	3,000,000
<i>Employers Liability - Stop Gap - Occurrence:</i>	
Bodily Injury by Accident - Each Accident Limit	3,000,000
Bodily Injury by Disease - Endorsement Limit	3,000,000
Bodily Injury by Disease - Each Employee Limit	3,000,000
<i>Employee Benefits Liability - Claims Made:</i>	
Each Offense Limit	3,000,000
Aggregate Limit	5,000,000
<i>Educational Legal Liability - Claims Made:</i>	
Errors and Omissions Injury Limit (\$2,500 Deductible)	3,000,000
Errors and Omissions Injury Aggregate Limit	5,000,000

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

Martins Ferry City School District
Notes to the Basic Financial Statements
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Flood Insurance

The School District contracted with Hartford Insurance Company of the Midwest for flood coverage. The School District's flood insurance includes \$157,200 on buildings and \$16,300 on contents at the football facility with \$5,000 deductible on each, \$62,700 with \$5,000 deductible for the restrooms and ticket booth, and \$19,000 with \$5,000 deductible for the concession stand.

Worker's Compensation

For fiscal year 2021, 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 of CompManagement, LLC provides administrative, cost control, and actuarial services to the GRRP.

Employee Benefits

Medical/surgical and prescription drug insurance is offered to all employees through the Portage Area Schools Consortium (Consortium) for health insurance for the School District's employees. The Consortium was established in 1981 so that thirteen educational-service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Consortium currently has 20 members. The Consortium has organized into two distinct entities to facilitate its risk management operations. The Portage Area Schools Consortium Property and Casualty Insurance Pool functions to manage the School District's physical property and liability risk. The Portage Area Schools Consortium 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 2021, the School District provided medical/surgical and prescription drug coverage for all eligible employees through the Portage Area School Consortium. The medical/surgical coverage is based on a usual, customary, and reasonable claim plan, carried through United Healthcare with a premium rate of \$2,508.00 for a family plan and \$1,003.21 for a single plan. The Board pays 92.5 percent of the premiums for certified staff. The Board pays 92.5 percent of the premiums for classified staff, hired prior to July 1, 2014 who work 35 – 40 hours per week. The Board pays 90 percent of the premiums for classified staff, hired after July 1, 2014 who work 35 – 40 hours per week. Employees who work less than a 35 hour work week, receive a benefit where, the Board's share of the premium is calculated on a declining scale.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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

The School District’s contractually required contribution to SERS was \$314,266 for fiscal year 2021. Of this amount \$36,668 is reported as an intergovernmental payable.

Martins Ferry City School District
Notes to the Basic Financial Statements
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Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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.

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

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

The School District's contractually required contribution to STRS was \$1,097,321 for fiscal year 2021. Of this amount \$110,033 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05940270%	0.06181633%	
Prior Measurement Date	<u>0.05633040%</u>	<u>0.05892163%</u>	
Change in Proportionate Share	<u>0.00307230%</u>	<u>0.00289470%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$3,929,019	\$14,957,352	\$18,886,371
Pension Expense	\$558,314	\$2,150,326	\$2,708,640

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$7,632	\$33,560	\$41,192
Changes of assumptions	0	802,921	802,921
Net difference between projected and actual earnings on pension plan investments	249,413	727,378	976,791
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	111,161	693,182	804,343
School District contributions subsequent to the measurement date	314,266	1,097,321	1,411,587
Total Deferred Outflows of Resources	\$682,472	\$3,354,362	\$4,036,834
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$95,642	\$95,642
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	27,664	0	27,664
Total Deferred Inflows of Resources	\$27,664	\$95,642	\$123,306

\$1,411,587 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, 2022. 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:			
2022	\$41,982	\$750,915	\$792,897
2023	116,511	401,630	518,141
2024	103,961	565,500	669,461
2025	78,088	443,354	521,442
Total	\$340,542	\$2,161,399	\$2,501,941

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.

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

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

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

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

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

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

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

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

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Decrease (8.50%)</u>
School District's proportionate share of the net pension liability	\$5,382,277	\$3,929,019	\$2,709,709

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$21,296,666	\$14,957,352	\$9,585,312

NOTE 12 – DEFINED BENEFIT OPEB PLANS

See Note 11 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$39,515.

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The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$39,515 for fiscal year 2021, which of this amount \$39,515 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

	SERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06100060%	0.06181633%	
Prior Measurement Date	0.05746660%	0.05892163%	
Change in Proportionate Share	0.00353400%	0.00289470%	
Proportionate Share of the:			Total
Net OPEB Liability	\$1,325,744	\$0	\$1,325,744
Net OPEB (Asset)	\$0	(\$1,086,421)	(\$1,086,421)
OPEB Expense	\$45,478	(\$47,514)	(\$2,036)

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

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$17,412	\$69,612	\$87,024
Changes of assumptions	225,993	17,934	243,927
Net difference between projected and actual earnings on OPEB plan investments	14,938	38,075	53,013
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	162,170	59,508	221,678
School District contributions subsequent to the measurement date	<u>39,515</u>	<u>0</u>	<u>39,515</u>
Total Deferred Outflows of Resources	<u>\$460,028</u>	<u>\$185,129</u>	<u>\$645,157</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$674,232	\$216,399	\$890,631
Changes of assumptions	33,392	1,031,917	1,065,309
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>44,276</u>	<u>0</u>	<u>44,276</u>
Total Deferred Inflows of Resources	<u>\$751,900</u>	<u>\$1,248,316</u>	<u>\$2,000,216</u>

\$39,515 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$61,491)	(\$263,463)	(\$324,954)
2023	(60,410)	(237,691)	(298,101)
2024	(60,587)	(228,650)	(289,237)
2025	(73,685)	(233,860)	(307,545)
2026	(58,293)	(47,698)	(105,991)
Thereafter	<u>(16,921)</u>	<u>(51,825)</u>	<u>(68,746)</u>
Total	<u>(\$331,387)</u>	<u>(\$1,063,187)</u>	<u>(\$1,394,574)</u>

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Actuarial Assumptions - SERS

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

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were

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developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

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

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$1,622,676	\$1,325,744	\$1,089,681
	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,043,921	\$1,325,744	\$1,702,610

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Actuarial Assumptions – STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

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Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$945,257)	(\$1,086,421)	(\$1,206,194)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,198,759)	(\$1,086,421)	(\$949,577)

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave up to maximum of 55 days for all employees.

Health/Life Insurance

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

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NOTE 14 – COMMITMENTS

Encumbrances

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

General	\$245,137
Other Non-Major Governmental Funds	<u>53,982</u>
 Total	 <u><u>\$299,119</u></u>

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2005, the School District entered into a capital lease to finance the construction of a new grandstand facility at the stadium. The lease arrangements are through the OASBO Expanded Asset Pooled Financing Program with the Columbus Regional Airport Authority as the lesser. During fiscal year 2008, the School District entered into two additional capital leases 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.

The assets acquired by the outstanding leases have been capitalized in government wide statements governmental activities as land, buildings and improvements, and furniture, fixtures and equipment in the amount of \$2,139,000, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements governmental activities for the total value of the lease. Governmental activities assets are reflected net of accumulated depreciation, in the amount of \$604,362. Principal payments in fiscal year 2021 totaled \$109,000 in the governmental funds.

Future minimum lease payments through 2032 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total</u>
2022	\$115,000	\$70,919	\$185,919
2023	121,000	65,223	186,223
2024	126,000	59,207	185,207
2025	133,000	52,921	185,921
2026	139,000	46,315	185,315
2027-2031	665,000	130,042	795,042
2032	<u>135,000</u>	<u>6,865</u>	<u>141,865</u>
Total	<u><u>\$1,434,000</u></u>	<u><u>\$431,492</u></u>	<u><u>\$1,865,492</u></u>

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NOTE 16 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2021 were as follows:

	Principal Outstanding 6/30/20	Additions	Deductions	Principal Outstanding 6/30/21	Amounts Due In One Year
General Obligation Bonds:					
<i>2012 Refunding Bonds</i>					
Capital Appreciation Bonds, \$294,992 @ 6.828%-20.854%	\$75,311	\$0	\$42,878	\$32,433	\$32,433
CAB Accretion, \$2,020,008	648,602	163,139	432,122	379,619	379,619
Premium, \$1,589,927	561,565	0	280,783	280,782	0
Total 2012 Bonds	1,285,478	163,139	755,783	692,834	412,052
<i>2019 Refunding Bonds</i>					
Serial Bonds, \$6,190,000 @ 2.375%-4.0%	6,835,000	0	0	6,835,000	0
Premium, \$456,402	415,651	0	32,600	383,051	0
Total 2019 Bonds	7,250,651	0	32,600	7,218,051	0
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	10,036,129	163,139	788,383	9,410,885	412,052
<i>2019 Certificates of Participation (COPS)</i>					
Serial/Term \$11,000,000 @ 3.625%-5.00%	10,870,000	0	195,000	10,675,000	200,000
Premium	313,872	0	11,013	302,859	0
Total Certificates of Participation	11,183,872	0	206,013	10,977,859	200,000
Net Pension Liability					
SERS	3,370,347	558,672	0	3,929,019	0
STRS	13,030,164	1,927,188	0	14,957,352	0
Total Net Pension Liability	16,400,511	2,485,860	0	18,886,371	0
Net OPEB Liability					
SERS	1,445,165	0	119,421	1,325,744	0
Capital Leases	1,543,000	0	109,000	1,434,000	115,000
Compensated Absences	1,105,112	690,990	602,550	1,193,552	51,592
Total General Long-Term Obligations	\$41,713,789	\$3,339,989	\$1,825,367	\$43,228,411	\$778,644

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

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

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

The capital appreciation bonds for this issue mature December 1, 2017 through December 1, 2021. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a liability. The maturity amount of outstanding capital appreciation bonds is \$950,000. The accretion recorded for fiscal year 2021 is \$163,139 for a total bond liability of \$475,000. The accretion will continue to be recorded over the life of the bonds.

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

Principal and interest requirements to retire general obligation bonds for the 2012 Refunding Bonds outstanding at June 30, 2021 are as follows:

Fiscal Year	Capital Appreciation Bonds	
	Principal	Accretion
2022	\$32,433	\$442,567

2019 General Obligation Refunding Bonds – On March 13, 2019, the School District issued \$6,910,000 of general obligation serial bonds. The bonds were issued to partially refund the 2012 Refunding Bonds, as well as pay the cost of issuance of these bonds. The \$6,910,000 of the 2019 bond issue, were used to refund \$7,115,000 of Serial Bonds. The refunding bond proceeds were deposited in an irrevocable trust fund with The Huntington National Bank, as escrow trustee, in accordance with the terms of an escrow agreement. The escrow trustee purchased non-callable direct obligations of the United States of America that matured or were subject to redemption in amounts sufficient to defease the refunded bonds when they were called for redemption on June 1, 2019. The 2019 School Improvement Bonds were issued for a 14 year period with final maturity at December 1, 2032. The issue resulted in a refunding difference of \$108,669 that is reported as a deferred outflow on the Statement of Net Position. The refunding difference will be amortized annually through fiscal year 2022. For fiscal year 2021, amortization was \$36,225, with \$72,448 of the refunding difference remaining. The 2021 Bonds are not subject to redemption prior to their stated maturity.

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

Principal and interest requirements to retire the 2019 Refunding Bonds outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	\$0	\$221,594	\$221,594
2023	495,000	215,716	710,716
2024	510,000	203,781	713,781
2025	515,000	191,609	706,609
2026	560,000	178,844	738,844
2027-2031	3,200,000	607,785	3,807,785
2032-2033	1,555,000	62,900	1,617,900
Total	<u>\$6,835,000</u>	<u>\$1,682,229</u>	<u>\$8,517,229</u>

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

2019 Certificates of Participation - On March 20, 2019, the School District issued \$11,000,000 in Certificates of Participation (COPs) which include serial and term certificated in the amount of \$3,785,000 and \$7,215,000, for the purpose of a roof replacement, a floor repair, and a hill slip. The COPs issuance included a premium of \$330,392, and an insurance premiums of \$63,837 which are amortized over the life of the COPs. The amortization of the premium and the insurance premium amounted to \$11,013 and \$2,128, respectively in fiscal year 2021. 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

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

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:

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

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

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

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

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

Serial and Term Certificates			
Fiscal Year	Principal	Interest	Total
2022	\$200,000	\$427,513	\$627,513
2023	210,000	419,313	629,313
2024	215,000	410,813	625,813
2025	225,000	400,888	625,888
2026	235,000	389,388	624,388
2027-2031	1,375,000	1,752,190	3,127,190
2032-2036	1,745,000	1,371,065	3,116,065
2037-2041	2,145,000	982,717	3,127,717
2042-2046	2,555,000	559,246	3,114,246
2047-2049	1,770,000	97,693	1,867,693
Totals	\$10,675,000	\$6,810,826	\$17,485,826

The School District's overall legal debt margin was \$18,297,682, with an unvoted debt margin of \$247,543 at June 30, 2021.

Capital leases will be paid from the General Fund.

Compensated absences will be paid from the General Fund.

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

NOTE 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 2021, 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.

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

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) – The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2021, the total amount paid to the Council from the School District was \$56,384 for technology services and \$47,047 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

NOTE 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. The School District's enrollment fee of \$890 for policy year 2021 was paid to Paramount Preferred Solutions.

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 Hylant Administrative Services and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Hylant Administrative Service is the sales and marketing representative, which establishes agreements between OSP and member schools.

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

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

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

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

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

	<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2020	\$0
Current Year Set-aside Requirement	258,236
Current Year Offsetting Revenue	(294,878)
Current Year Qualifying Expenditures	<u>(167,474)</u>
Totals	<u>(\$204,116)</u>
Balance Carried Forward to Fiscal Year 2022	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2021	<u>\$0</u>

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

NOTE 20 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

Litigation

The School District is not currently party to pending litigation.

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

Oil/Gas Leases

As of June 30, 2021, the School District entered into “Paid-Up” Oil and Gas Leases as follows:

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

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

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

NOTE 21 - ACCOUNTABILITY

At June 30, 2021, the School District had the following fund balance deficits:

Elementary and Secondary School Emergency Relief Fund	\$52,206
Miscellaneous Federal Grants Fund	8,628
Coronavirus Relief Fund	1,233

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

NOTE 22 - COVID-19

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

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

NOTE 23 - SUBSEQUENT EVENTS

State Foundation Funding

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$1,621,323 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported \$1,578,843 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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

	2021	2020	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.05940270%	0.05633040%	0.05889730%	0.05314130%	0.05102880%
School District's Proportionate Share of the Net Pension Liability	\$3,929,019	\$3,370,347	\$3,373,159	\$3,175,077	\$3,734,837
School District's Covered Payroll	\$2,082,521	\$1,932,452	\$1,895,467	\$1,736,929	\$1,574,150
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.67%	174.41%	177.96%	182.80%	237.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%

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

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

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.04987180%	0.05140100%	0.05140100%
\$2,845,733	\$2,601,375	\$3,056,653
\$1,486,768	\$1,490,339	\$1,414,246
191.40%	174.55%	216.13%
69.16%	71.70%	65.52%

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

	2021	2020	2019	2018	2017
School District's Proportion of the Net Pension Liability	0.06181633%	0.05892163%	0.05768999%	0.05696756%	0.05555434%
School District's Proportionate Share of the Net Pension Liability	\$14,957,352	\$13,030,164	\$12,684,734	\$13,532,767	\$18,595,712
School District's Covered Payroll	\$7,435,800	\$6,955,650	\$6,217,636	\$6,663,364	\$5,871,371
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	201.15%	187.33%	204.01%	203.09%	316.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%	66.80%

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

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

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.05528892%	0.05612705%	0.05612705%
\$15,280,240	\$13,652,041	\$16,262,221
\$5,598,221	\$5,717,062	\$5,659,300
272.95%	238.79%	287.35%
72.10%	74.70%	69.30%

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

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

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

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

See accompanying notes to required supplementary information

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

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.06181633%	0.05892163%	0.05768999%	0.05696756%	0.05555434%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,086,421)	(\$975,883)	(\$927,019)	\$2,222,664	\$2,971,061
School District's Covered Payroll	\$7,435,800	\$6,955,650	\$6,217,636	\$6,663,364	\$5,871,371
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.61%	-14.03%	-14.91%	33.36%	50.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to required supplementary information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$314,266	\$291,553	\$260,881	\$255,888
Contributions in Relation to the Contractually Required Contribution	<u>(314,266)</u>	<u>(291,553)</u>	<u>(260,881)</u>	<u>(255,888)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,244,757	\$2,082,521	\$1,932,452	\$1,895,467
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$39,515	\$36,154	\$43,515	\$40,476
Contributions in Relation to the Contractually Required Contribution	<u>(39,515)</u>	<u>(36,154)</u>	<u>(43,515)</u>	<u>(40,476)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.76%</u>	<u>1.74%</u>	<u>2.25%</u>	<u>2.14%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.76%</u>	<u>15.74%</u>	<u>15.75%</u>	<u>15.64%</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$243,170	\$220,381	\$195,956	\$206,561	\$195,732	\$181,040
<u>(243,170)</u>	<u>(220,381)</u>	<u>(195,956)</u>	<u>(206,561)</u>	<u>(195,732)</u>	<u>(181,040)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,736,929	\$1,574,150	\$1,486,768	\$1,490,339	\$1,414,246	\$1,346,022
<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>
\$27,121	\$24,122	\$36,499	\$25,919	\$24,663	\$28,939
<u>(27,121)</u>	<u>(24,122)</u>	<u>(36,499)</u>	<u>(25,919)</u>	<u>(24,663)</u>	<u>(28,939)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.56%</u>	<u>1.53%</u>	<u>2.45%</u>	<u>1.74%</u>	<u>1.74%</u>	<u>2.15%</u>
<u>15.56%</u>	<u>15.53%</u>	<u>15.63%</u>	<u>15.60%</u>	<u>15.58%</u>	<u>15.60%</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$1,097,321	\$1,041,012	\$973,791	\$870,469
Contributions in Relation to the Contractually Required Contribution	<u>(1,097,321)</u>	<u>(1,041,012)</u>	<u>(973,791)</u>	<u>(870,469)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$7,838,007	\$7,435,800	\$6,955,650	\$6,217,636
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to required supplementary information

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$932,871	\$821,992	\$783,751	\$743,218	\$735,709	\$670,472
<u>(932,871)</u>	<u>(821,992)</u>	<u>(783,751)</u>	<u>(743,218)</u>	<u>(735,709)</u>	<u>(670,472)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,663,364	\$5,871,371	\$5,598,221	\$5,717,062	\$5,659,300	\$5,157,479
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$57,171	\$56,593	\$51,575
<u>0</u>	<u>0</u>	<u>0</u>	<u>(57,171)</u>	<u>(56,593)</u>	<u>(51,575)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions - STRS

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

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

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

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

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

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

FEDERAL GRANTOR/ Pass-Through Grantor Program/ Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program - Food Donation	10.555	N/A	\$0	\$31,685
Cash Assistance:				
School Breakfast Program	10.553	044347-05PU-21	0	40,903
School Breakfast Program - Covid-19	10.553	044347-05PU-21	0	11,095
National School Lunch Program	10.555	044347-LLP4-21	0	78,729
National School Lunch Program- Covid-19	10.555	044347-LLP4-21	0	18,552
Cash Assistance Subtotal			<u>0</u>	<u>149,279</u>
Total U.S. Department of Agriculture - Child Nutrition Cluster			0	180,964
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Department of Education				
Coronavirus Relief - Covid-19	21.019	044347-21 044347-21	0 0	88,405 109,684
Total U.S. Department of Treasury			<u>0</u>	<u>198,089</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies	84.010	044347-C1S1-20 044347-C1S1-21	0 0	49,979 387,488
Title I Expanding Opportunities Grant		044347-C1S1-21	0	9,342
Title I Noncompetitive Supplemental School Improvement		044347-C1S1-21	0	27,845
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>474,654</u>
Special Education Cluster (IDEA):				
Special Education, Grants to States (IDEA, Part B)	84.027	044347-6BSF-20 044347-6BSF-21	0 0	14,473 375,708
Total Special Education, Grants to States (IDEA, Part B)			<u>0</u>	<u>390,181</u>
Special Education Restoration (IDEA Part B)	84.027A	044347-21	0	25,752
Special Education - Preschool Grants (IDEA Preschool)	84.173	044347-21	2,651	2,651
Total Special Education Cluster (IDEA)			2,651	418,584
Title V-B Rural and Low Income	84.358	n/a	0	37,629
Improving Teacher Quality State Grants	84.367	044347-TRS1-20 044347-TRS1-21	0 0	6,374 50,307
Total Improving Teacher Quality State Grants			<u>0</u>	<u>56,681</u>
Title IV, Part A Student Support and Academic Enrichment Grant	84.424A	044347-20 044347-21	0 0	20,020 37,117
Total Title IV, Part A Student Support and Academic Enrichment Grant			<u>0</u>	<u>57,137</u>
Elementary and Secondary School Emergency Relief Fund	84.425D	044347-21	0	338,093
Elementary and Secondary School Emergency Relief Fund II		044347-22	0	340,858
Total Elementary and Secondary School Emergency Relief Fund			<u>0</u>	<u>678,951</u>
Total U.S. Department of Education			<u>2,651</u>	<u>1,723,636</u>
Total Expenditures of Federal Awards			<u>\$2,651</u>	<u>\$2,102,689</u>

The accompanying notes are an integral part of this Schedule.

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Martins Ferry City School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 24, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under Government Auditing Standards which are described in the accompanying Schedule of Findings as items 2021-001 and 2021-002.

School District's Response to Findings

The School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the School District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

May 24, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Keith Faber
Auditor of State
Columbus, Ohio

May 24, 2022

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Program (list): <ul style="list-style-type: none"> • Title I Grants to Local Education Agencies CFDA #84.010 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2021-001

Findings For Recovery Partially Repaid Under Audit – Growth Fund

Ohio Admin. Code 117-2-01(D)(4) requires, in part, that entities plan for adequate segregation of duties or compensating controls. During the Period November 18, 2013 through January 30, 2018, the control structure for the Martins Ferry City School District (District) Student Activities Growth Fund (Growth Fund) lacked proper segregation of duties. The Growth Fund was created to provide payment for various athletic related projects, including the upgrading and installation of artificial turf for the football field. The Growth Fund collected donations and other miscellaneous revenues, including vending and soft drink machine sales.

**MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY**

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

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

FINDING NUMBER 2021-001 (Continued)

Findings For Recovery Partially Repaid Under Audit – Growth Fund (Continued)

Former District Superintendent, Dirk Fitch, maintained the Growth Fund in a checking account at a local bank and was the only person responsible for depositing revenues, making payments, and reconciling the Fund activity with the bank.

FM Global Foundation has an established program whereby they will match their employees' charitable contributions. During the Period, former District Principal, Michael Delatore, wrote checks to his brother-in-law, Robert Kimble, which Mr. Kimble then donated to the District. Mr. Kimble reported his donation to his employer, FM Global, for his employer's foundation to provide a double match charitable contribution to the District. Mr. Kimble represented to his employer the donation payments to the District were from his own resources. The District deposited the donations into the Growth Fund. The following is breakdown of the amounts paid:

Checks From	Checks To	Check total	No. of Checks
Michael Delatore	Robert Kimble	\$ 13,300	4
FM Global Foundation	Martins Ferry City School District	\$ 26,600	4

Further examination of payments from the Growth Fund identified 17 checks, totaling \$12,225, issued by Mr. Fitch to himself between March 24, 2014 and December 1, 2015. Documentation supporting these payments was not maintained; therefore, we could not determine what items were purchased and whether the items were for District purposes. Mr. Fitch provided documentation for the payments he received; however, the information provided was not sufficient support to determine whether the items purchased were for District purposes.

On August 16, 2021, Mr. Kimble plead guilty, through a Bill of Information, to one count of grand theft, a felony of the fourth degree, in violation of R.C. 2913.02(A)(3), in Belmont County Common Pleas Court, Case No. 21-CR-183. On August 30, 2021, Judge John Vavra sentenced Mr. Kimble to two years community control. Mr. Kimble made restitution of \$26,600 to his employer for the double match charitable contribution fraudulently obtained.

On November 1, 2021, Mr. Fitch plead guilty, through a Bill of Information, to one count of Complicity to Grand Theft, a felony of the fourth degree, in violation of R.C. 2923.02(A)(2) and 2913.02(A)(3), in Belmont County Common Pleas Court, Case No. 21-CR-256. On November 8, 2021, Judge John Vavra sentenced Mr. Fitch to one-year community control.

On February 7, 2022, Mr. Delatore plead guilty, through a Bill of Information to one count of Theft in Office, a felony of the fifth degree, in violation of R.C. 2921.41(A)(1) and 2921.41(A)(2), in Belmont County Common Pleas Court, Case No. 22-CR-0019. On February 28, 2022, Judge John Vavra sentenced Mr. Delatore to one-year community control and ordered him to pay audit costs totaling \$1,558.

MARTINS FERRY CITY SCHOOL DISTRICT
BELMONT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(Continued)

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

FINDING NUMBER 2021-001 (Continued)

Findings For Recovery Partially Repaid Under Audit – Growth Fund (Continued)

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public property converted or misappropriated is hereby issued against Michael Delatore in the amount of \$1,558, in favor of the Martins Ferry City School District's General Fund, and against Dirk Fitch in the amount of \$12,225, in favor of the Martins Ferry City School District's Student Activities Growth Fund.

On April 7, 2022, Mr. Delatore repaid \$1,588 to the District for audit costs and the payment was deposited into the District's General Fund.

Officials' Response: The Officials declined to respond to this Finding.

FINDING NUMBER 2021-002

Finding For Recovery – Repaid Under Audit

Per the Treasurer Employment Contract dated January 14, 2020, between the Board of Education of the Martins Ferry City School District and Dana Garrison, Treasurer, as part of compensation for services rendered, the Treasurer shall be paid longevity for 25 years as per the Martins Ferry Education Association salary schedule. Dana Garrison, Treasurer, was entitled to \$2,829 of longevity for fiscal year 2021. Due to an oversight, the Treasurer was paid double the amount of longevity she was entitled resulting in a total overpayment of \$2,829.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dana Garrison, Treasurer, in the amount of \$2,829 and in favor of the School District's General Fund.

Dana Garrison repaid the \$2,829 on February 22, 2022 on receipt number 963422. The amount was paid into the School District's General Fund.

Officials' Response: See Corrective Action Plan on page 90.

3. FINDINGS FOR FEDERAL AWARDS

None.

MARTINS FERRY CITY SCHOOL DISTRICT

TREASURER'S OFFICE

5001 Ayers Limestone Rd

Martins Ferry OH 43935

Phone: 740-633-1732

Fax: 740-633-5666

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2021

Finding Number:	2021-002
Planned Corrective Action:	Verification of longevity payment list by the Treasurer after devised by the Payroll Assistant and prior to being paid to make sure amounts were not included in the initial salary calculation will prevent this from happening in the future.
Anticipated Completion Date:	June 30, 2022
Responsible Contact Person:	Dana Garrison, Treasurer

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 6/7/2022

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

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