



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**CITY OF MARTINS FERRY
BELMONT COUNTY**

**REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024**



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Columbus, Ohio 43215
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800-282-0370

City Council
City of Martins Ferry
35 South 5th Street
Martins Ferry, Ohio 43935

We have reviewed the *Independent Auditor's Report* of the City of Martins Ferry, Belmont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

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

December 08, 2025

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BELMONT COUNTY
DECEMBER 31, 2024
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BELMONT COUNTY
DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

City of Martins Ferry
Belmont County
35 South 5th Street
P.O. Box 386
Martins Ferry, Ohio 43935

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Martins Ferry**, Belmont County, Ohio (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Martins Ferry, Belmont County, Ohio as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2024, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Also, the Street Paving Fund was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 24, 2025

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CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

The management's discussion and analysis of the City of Martins Ferry's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance. The Statistical Section can also provide valuable current and historical information.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2024 by \$9,928,152 (net position). Of this amount, \$1,680,323 is restricted in use and \$10,867,923 is the net investment in capital assets. The remaining unrestricted net position is a deficit of \$2,620,094.
- Total net position increased \$375,576 as a result of current year operations. Net position of governmental activities increased \$367,456, or 18.27%, while the net position of business-type activities increased \$8,120, or 0.11%.
- The City had \$5,698,490 in expenses related to governmental activities; \$2,423,212 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$3,275,278 were offset by general revenues (primarily property taxes and income taxes) of \$3,683,300.
- At December 31, 2024, unrestricted fund balance (the total of the committed, assigned and unassigned) components of fund balance) for the general fund was \$983,990, or 35.26% of total general fund expenditures.
- The general fund had revenues and other financing sources of \$2,970,361 in 2024 and expenditures and other financing uses of \$2,822,785. The fund balance for the general fund increased from \$842,740 to \$985,316.
- Net position for the business-type activities, which are made up of the water, sanitation, and sewer operations, totaled \$7,549,875.

Using this Annual Comprehensive Financial Report

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

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City'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 City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

These two statements report the City's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City 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 City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sanitation, and sewer operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 14.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, street maintenance and repair fund, and fire and ambulance fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Proprietary Funds

The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitation, and sewer operations; all three funds are considered major funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund and any major special revenue funds budgetary schedules, and information about the City's net pension/OPEB liability/asset and required contributions to the State pension systems.

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CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Government-Wide Financial Analysis

The table that follows provides a summary of the City's net position for December 31, 2024 and 2023. 2023 has been restated as described in Note 3 in the notes to the basic financial statements.

	Governmental Activities		Business-Type Activities		Total	
		(Restated)		(Restated)		(Restated)
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>						
Current and other assets	\$ 5,251,797	\$ 4,484,890	\$ 5,443,482	\$ 7,115,684	\$ 10,695,279	\$ 11,600,574
Capital assets, net	<u>4,988,370</u>	<u>5,361,014</u>	<u>13,890,079</u>	<u>11,884,389</u>	<u>18,878,449</u>	<u>17,245,403</u>
Total assets	<u>10,240,167</u>	<u>9,845,904</u>	<u>19,333,561</u>	<u>19,000,073</u>	<u>29,573,728</u>	<u>28,845,977</u>
<u>Deferred outflows of resources</u>						
Other	-	-	342,327	342,327	342,327	342,327
Pension	1,436,212	2,123,450	808,563	1,315,673	2,244,775	3,439,123
OPEB	<u>171,381</u>	<u>339,355</u>	<u>75,763</u>	<u>190,610</u>	<u>247,144</u>	<u>529,965</u>
Total deferred outflows of resources	<u>1,607,593</u>	<u>2,462,805</u>	<u>1,226,653</u>	<u>1,848,610</u>	<u>2,834,246</u>	<u>4,311,415</u>
<u>Liabilities</u>						
Current liabilities	557,986	556,859	6,042,219	5,180,373	6,600,205	5,737,232
Long-term liabilities:						
Due within one year	289,349	299,472	421,901	548,626	711,250	848,098
Net pension liability	4,888,129	5,718,947	2,523,668	3,119,302	7,411,797	8,838,249
Net OPEB liability	182,982	271,116	-	63,821	182,982	334,937
Other amounts	<u>1,854,086</u>	<u>1,979,959</u>	<u>3,870,205</u>	<u>4,352,951</u>	<u>5,724,291</u>	<u>6,332,910</u>
Total liabilities	<u>7,772,532</u>	<u>8,826,353</u>	<u>12,857,993</u>	<u>13,265,073</u>	<u>20,630,525</u>	<u>22,091,426</u>
<u>Deferred inflows of resources</u>						
Property taxes	981,663	988,013	-	-	981,663	988,013
Pension	463,587	222,728	104,574	9,271	568,161	231,999
OPEB	<u>251,701</u>	<u>260,794</u>	<u>47,772</u>	<u>32,584</u>	<u>299,473</u>	<u>293,378</u>
Total deferred inflows of resources	<u>1,696,951</u>	<u>1,471,535</u>	<u>152,346</u>	<u>41,855</u>	<u>1,849,297</u>	<u>1,513,390</u>
<u>Net position</u>						
Net investment in capital assets	3,263,086	3,500,144	7,604,837	7,698,222	10,867,923	11,198,366
Restricted	1,588,643	1,499,162	91,680	-	1,680,323	1,499,162
Unrestricted	<u>(2,473,452)</u>	<u>(2,988,485)</u>	<u>(146,642)</u>	<u>(156,467)</u>	<u>(2,620,094)</u>	<u>(3,144,952)</u>
Total net position	<u>\$ 2,378,277</u>	<u>\$ 2,010,821</u>	<u>\$ 7,549,875</u>	<u>\$ 7,541,755</u>	<u>\$ 9,928,152</u>	<u>\$ 9,552,576</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension/OPEB asset.

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

As the preceding table illustrates, some of the most significant changes in net position were related to the City's net pension liability/asset and net OPEB liability/asset, and the related deferred inflows/outflows of resources. These amounts will fluctuate annually based on a number of factors including investment returns, actuarial assumptions used, and the City's proportionate share of the net pension and net OPEB cost. See Note 11 and 12 in the notes to the basic financial statements for more detail.

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Other significant changes in the components of net position are as follows:

- For governmental activities: an increase in current and other assets, primarily due to higher cash balances on hand and receivables for property taxes, income taxes, and outstanding accounts for ambulance services and other amounts owed to the City.
- For business-type activities: a decrease in current and other assets and increase in capital assets as the City spends the proceeds of bond anticipation notes on water system improvements. Current liabilities also increased due to the City's outstanding payables to contractors on those projects, and also due to the issuance of an additional \$500,000 in bond anticipation notes to finance the projects.

City-wide, total net position at December 31, 2024 was \$9,928,152. The net investment in capital assets of \$10,867,923 represents the City's net capital assets, less any outstanding borrowings used to acquire those assets. Another \$1,680,323 represents net position that is subject to external restrictions on its use. The remaining balance of unrestricted net position is a deficit of \$2,620,094. The deficit is a result of reporting the net pension and net OPEB liabilities and related deferred inflows and outflows of resources.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, net capital assets represented 48.71% and 71.84% of total assets for the governmental activities and business-type activities, respectively. Capital assets include land, construction in progress, buildings, building improvements, machinery and equipment, vehicles, intangible right to use assets, and infrastructure. These capital assets are used to provide services to citizens and are not available for future spending. The net investment in capital assets at December 31, 2024, was \$3,263,086 and \$7,604,837 in the governmental activities and business-type activities, respectively.

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CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

The following table provides a summary of the revenues, expenses and other changes in the City's net position for 2024 compared to 2023. See Note 3 in the notes to the basic financial statements for more detail on the restatement.

	Change in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	(Restated)		(Restated)		(Restated)	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,656,143	\$ 1,185,461	\$ 5,664,814	\$ 5,597,148	\$ 7,320,957	\$ 6,782,609
Operating grants and contributions	711,458	448,449	-	-	711,458	448,449
Capital grants and contributions	<u>55,611</u>	<u>2,500</u>	<u>198,384</u>	<u>-</u>	<u>253,995</u>	<u>2,500</u>
Total program revenues	<u>2,423,212</u>	<u>1,636,410</u>	<u>5,863,198</u>	<u>5,597,148</u>	<u>8,286,410</u>	<u>7,233,558</u>
General revenues:						
Property taxes	1,179,230	1,012,943	-	-	1,179,230	1,012,943
Income taxes	1,840,382	1,939,208	-	-	1,840,382	1,939,208
Unrestricted grants and entitlements	403,244	458,703	-	-	403,244	458,703
Other local taxes	92,250	92,496	-	-	92,250	92,496
Gain on sale of capital assets	4,343	8,025	-	-	4,343	8,025
Investment earnings	105,714	160,915	213,272	2,193	318,986	163,108
Miscellaneous	<u>58,137</u>	<u>321,025</u>	<u>86,071</u>	<u>80,907</u>	<u>144,208</u>	<u>401,932</u>
Total general revenues	<u>3,683,300</u>	<u>3,993,315</u>	<u>299,343</u>	<u>83,100</u>	<u>3,982,643</u>	<u>4,076,415</u>
Total revenues	<u>6,106,512</u>	<u>5,629,725</u>	<u>6,162,541</u>	<u>5,680,248</u>	<u>12,269,053</u>	<u>11,309,973</u>
Expenses:						
General government	1,336,883	1,293,680	-	-	1,336,883	1,293,680
Security of persons and property	3,123,032	3,210,962	-	-	3,123,032	3,210,962
Public health	86,021	78,059	-	-	86,021	78,059
Transportation	927,607	950,094	-	-	927,607	950,094
Leisure time activities	118,785	135,590	-	-	118,785	135,590
Interest	106,162	83,830	-	-	106,162	83,830
Water	-	-	4,385,290	4,071,921	4,385,290	4,071,921
Sanitation	-	-	1,085,135	1,106,532	1,085,135	1,106,532
Sewer	<u>-</u>	<u>-</u>	<u>724,562</u>	<u>772,520</u>	<u>724,562</u>	<u>772,520</u>
Total expenses	<u>5,698,490</u>	<u>5,752,215</u>	<u>6,194,987</u>	<u>5,950,973</u>	<u>11,893,477</u>	<u>11,703,188</u>
Transfers	<u>(40,566)</u>	<u>-</u>	<u>40,566</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	367,456	(122,490)	8,120	(270,725)	375,576	(393,215)
Net position at beginning of year	<u>2,010,821</u>	<u>2,133,311</u>	<u>7,541,755</u>	<u>7,812,480</u>	<u>9,552,576</u>	<u>9,945,791</u>
Net position at end of year	<u>\$ 2,378,277</u>	<u>\$ 2,010,821</u>	<u>\$ 7,549,875</u>	<u>\$ 7,541,755</u>	<u>\$ 9,928,152</u>	<u>\$ 9,552,576</u>

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Governmental Activities

Net position increased \$367,456 or 18.27% in 2024 as a result of an increase in revenues. Funding for the governmental activities comes from several different sources, the most significant being the municipal income tax and charges for services. Other prominent sources are property taxes, and grants and entitlements.

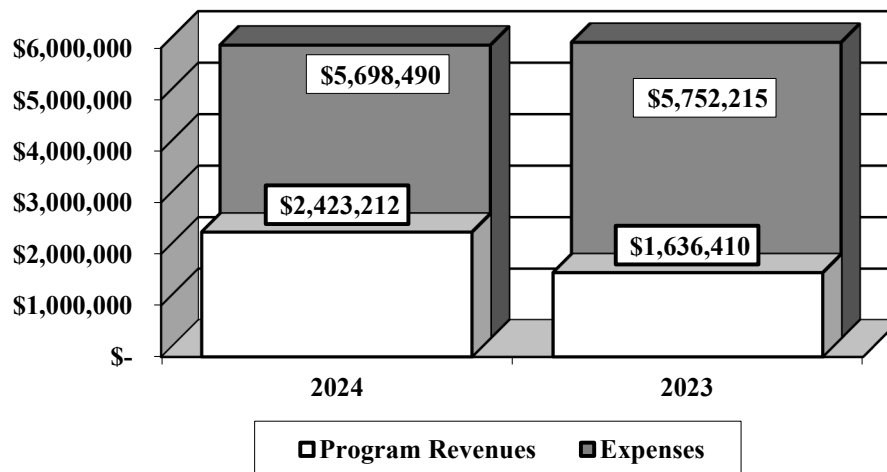
Governmental revenue is comprised of program revenues and general revenues. General revenues include grants and entitlements, such as local government funds. Governmental activities are primarily funded with the combination of property tax, income tax, charges for services, intergovernmental, and other miscellaneous revenues. The City monitors its sources of revenues very closely for fluctuations.

Program revenues increased compared to the prior year. These revenues consist of charges for services and sales, and grants and contributions that are restricted for a specific program or function. The primary reason for the increase in charges for services and sales is an increase in EMS charges compared to 2023. Operating grants and contributions were higher in 2024 as a result of more grant funding and an increase in motor vehicle license fees and gas tax distributions from the State. Capital grants and contributions for 2024 consist of State grant funding for a road improvement project.

Total expenses decreased slightly, down \$53,725 or 0.93% compared to 2023, with no areas of significant increases or decreases. Security of persons and property represents the largest expense of the governmental activities. The City's police and fire/EMS operations are included in these expenses. Transportation is another significant category of expenses. The City's street maintenance and repair department provides the City and its citizens many services that include public road salting, leaf and debris pickup, paint striping and alley profiling.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the following table, the City is highly dependent upon its general revenues to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



CITY OF MARTINS FERRY, OHIO

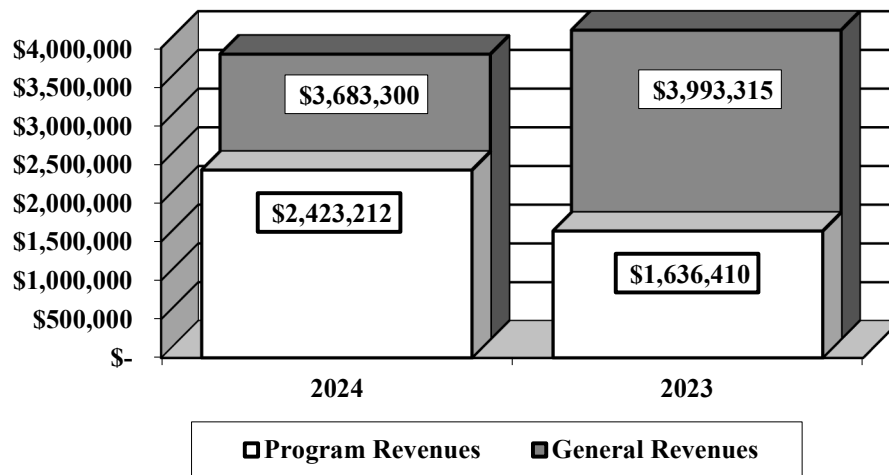
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

The table that follows shows, for governmental activities, the total cost of services and the net cost of services for 2024 and 2023. That is, it identifies the cost of these services supported by general revenues (such as taxes revenue and unrestricted grants and entitlements).

	Governmental Activities			
	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program expenses:				
General government	\$ 1,336,883	\$ 728,017	\$ 1,293,680	\$ 883,538
Security of persons and property	3,123,032	2,050,644	3,210,962	2,415,881
Public health	86,021	43,114	78,059	37,739
Transportation	927,607	274,392	950,094	577,975
Leisure time activities	118,785	72,949	135,590	116,842
Interest	106,162	106,162	83,830	83,830
Total	<u>\$ 5,698,490</u>	<u>\$ 3,275,278</u>	<u>\$ 5,752,215</u>	<u>\$ 4,115,805</u>

The dependence upon general revenues for governmental activities is apparent, with 57.48% of expenses supported through taxes and other general revenues in 2024. The following chart illustrates the City's program revenues versus general revenues for 2024 and 2023.

Governmental Activities – General and Program Revenues



Business-type Activities

Business-type activities include the operations of the water, sanitation, and sewer enterprise funds. These programs had revenues, primarily charges for services, of 6,162,541 and expenses of \$6,194,987 in 2024. Activity for the year also included transfers from the governmental activities of \$40,566. The total change in net position was an increase \$8,120 or 0.11%. See page 15 ("Proprietary Funds") for further discussion of the operations of the business-type activities.

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of \$2,685,667 which is \$485,679 higher than last year's total balance of \$2,199,988. The schedule that follows indicates the fund balances as of December 31, 2024 and 2023, and the change in fund balances for the governmental funds.

	Fund Balance 12/31/2024	Fund Balance 12/31/2023	Change
Major funds:			
General	\$ 985,316	\$ 842,740	\$ 142,576
Street maintenance and repair	398,486	310,686	87,800
Fire and ambulance	193,318	144,456	48,862
Nonmajor governmental funds	1,108,547	902,106	206,441
Total	<u>\$ 2,685,667</u>	<u>\$ 2,199,988</u>	<u>\$ 485,679</u>

General Fund

The City's general fund balance increased \$142,576 (16.92%) as revenues and other financing sources continued to outpace expenditures and other financing uses in 2024. The table that follows assists in illustrating the revenues of the general fund.

	2024 Amount	2023 Amount	Percentage Change
Revenues			
Income taxes	\$ 1,543,421	\$ 1,561,140	(1.14) %
Property taxes	205,665	206,194	(0.26) %
Charges for services	395,004	310,191	27.34 %
Fees, licenses and permits	80,672	73,419	9.88 %
Fines, forfeitures and settlements	65,392	73,721	(11.30) %
Intergovernmental	316,111	315,112	0.32 %
Interest	104,622	117,329	(10.83) %
Other	254,474	233,873	8.81 %
Total	<u>\$ 2,965,361</u>	<u>\$ 2,890,979</u>	2.57 %

Overall, total revenues in 2024 were comparable to the prior year, showing a slight increase. Income taxes revenue is by far the general fund's largest revenue source, representing over half of the total general fund revenues.

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

The table that follows assists in illustrating the expenditures of the general fund.

	2024	2023	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
General government	\$ 1,221,045	\$ 910,470	34.11 %
Security of persons and property	1,485,783	1,575,941	(5.72) %
Public health	11,201	11,616	(3.57) %
Capital outlay	37,697	-	N/A
Debt service	<u>34,714</u>	<u>49,597</u>	(30.01) %
Total	<u>\$ 2,790,440</u>	<u>\$ 2,547,624</u>	9.53 %

As the preceding table shows, the overall increase in general fund expenditures was due to general governmental expenditures increasing in 2024. This was primarily due to expenditures in accordance with the City's income tax credit agreement with the East Ohio Regional Hospital; a reconciliation was completed in 2024 which resulted in the City paying out an additional amount.

Street Maintenance and Repair Fund

The street maintenance and repair fund, a major governmental fund, is used to account for State-levied gasoline tax and motor vehicle registration fees to be used for maintenance of streets within the City. This fund had revenues and other financing sources of \$850,942 and expenditures of \$763,142. This resulted in an increase in fund balance from \$310,686 to \$398,486. Revenues increased in 2024 as a result of higher distributions of motor vehicle registration fees from the State, as well grant funding received from the Ohio Public Works Commission.

Fire and Ambulance Fund

The fire and ambulance fund is a major governmental fund and is used to account for fees charged for ambulance services. This fund had revenues of \$704,116 and expenditures of \$655,254. Revenues (primarily charges for services) were higher in 2024, showing an increase of about 10% compared to 2023. Fund balance during the year increased from \$144,456 to \$193,318.

Proprietary Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. All three of the City's enterprise funds are reported as major funds; the water fund, sanitation fund, and sewer fund.

Operating activity in 2024, both revenues and expenses, were generally comparable to the prior year, with slight increases overall. Other changes in activity for 2024 include increases in both interest expense and interest revenue as the City paid off the bond anticipation notes issued in the prior year, but was able to invest the proceeds in interest bearing accounts throughout the year before maturity. These amounts largely offset each other. Another change for 2024 was capital contributions in the amount of \$238,950 reported in the sewer fund. This consists of grant funding from the Ohio Water Development Authority (OWDA) for a sanitary force main extension, and capital assets transferred from the governmental activities. The total change in net position for 2024 was a decrease for the water and sanitation funds (2.78% and 29.11%, respectively), and an increase (58.82%) for the sewer fund due to the capital contributions.

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially, the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly. Budgetary information is presented for the general fund and major special revenue funds.

In the general fund, original budgeted revenues and other financing sources of \$2,500,000 were increased to \$2,700,000 in the final budget, mostly to account for higher collections of income taxes. Actual revenues and other financing sources of \$2,827,386 were \$127,386 more than the final budgeted amount. This variance is primarily reflected in income tax revenues which came in \$94,273 higher than budgeted.

The final budget expenditures and other financing uses in the general fund were \$2,647,181, which represents a slight increase from the original budget of \$2,609,976. Actual budget basis expenditures and other financing uses totaled \$2,582,954, or \$64,227 less than the final budget. There were no significant variances between either the original and final budget, or the final budget and actual amounts.

Capital Assets and Debt Administration

Capital Assets

The following table summarizes 2024 balances compared to 2023. Additional detail can be found in Note 8 in the notes to the basic financial statements.

Capital Assets at December 31 (Net of Depreciation/Amortization)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 712,451	\$ 712,451	\$ 171,440	\$ 171,440	\$ 883,891	\$ 883,891
Construction in progress	78,993	-	793,841	-	872,834	-
Buildings	491,672	530,718	2,151,930	2,296,316	2,643,602	2,827,034
Building improvements	145,481	132,131	232,072	285,451	377,553	417,582
Machinery and equipment	165,881	178,951	3,164,583	1,546,894	3,330,464	1,725,845
Vehicles	586,899	751,390	538,301	705,166	1,125,200	1,456,556
Intangible right to use assets	101,538	149,483	15,453	17,196	116,991	166,679
Infrastructure	<u>2,705,455</u>	<u>2,905,890</u>	<u>6,822,459</u>	<u>6,861,926</u>	<u>9,527,914</u>	<u>9,767,816</u>
Totals	<u>\$ 4,988,370</u>	<u>\$ 5,361,014</u>	<u>\$ 13,890,079</u>	<u>\$ 11,884,389</u>	<u>\$ 18,878,449</u>	<u>\$ 17,245,403</u>

The City began several construction projects in 2024: road improvements for the governmental activities, and various improvement projects for the water fund in the business-type activities. The water fund also made several machinery and equipment upgrades in 2024, including HVAC, pump station, and contact tank improvements.

CITY OF MARTINS FERRY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Debt Administration

The City had the following debt obligations outstanding at December 31, 2024 and 2023.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
General obligation bonds	\$ 1,122,276	\$ 1,161,932	\$ -	\$ -
Loans	439,836	489,186	3,619,815	4,124,373
Police and fire pension	98,242	105,569	-	-
Leases	163,172	209,752	4,966	10,294
Bond anticipation notes	<u>-</u>	<u>-</u>	<u>5,500,000</u>	<u>5,000,000</u>
Total long-term obligations	<u>\$ 1,823,526</u>	<u>\$ 1,966,439</u>	<u>\$ 9,124,781</u>	<u>\$ 9,134,667</u>

The City entered into a new lease in 2024 for the right to use a vehicle. The total lease liability was \$49,508 and is reported in the governmental activities. Other than normally scheduled debt payments, the only other activity in 2024 was for the business-type activities as the water fund issued \$5.5 million in bond anticipation notes to retire the previous note issuance. The proceeds are being used for various water system improvements and upgrades.

See Note 14 in the notes to the basic financial statements for detail on the City's debt obligations.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jack Regis Sr., City Auditor, 35 South 5th Street, Martins Ferry, Ohio 43935 or mfauditor@yahoo.com.

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CITY OF MARTINS FERRY, OHIO

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 2,402,767	\$ 4,791,860	\$ 7,194,627
Investments in segregated accounts	185,947	-	185,947
Receivables:			
Income taxes	555,511	-	555,511
Property taxes	1,305,282	-	1,305,282
Other local taxes	6,271	-	6,271
Intergovernmental	446,256	-	446,256
Accounts	243,674	459,039	702,713
Internal balance	10,532	(10,532)	-
Prepayments	2,697	1,980	4,677
Materials and supplies inventory	11,250	81,711	92,961
Net OPEB asset	81,610	83,490	165,100
Restricted assets:			
Equity in pooled cash and cash equivalents	-	35,934	35,934
Capital assets:			
Not being depreciated/amortized	791,444	965,281	1,756,725
Being depreciated/amortized, net	4,196,926	12,924,798	17,121,724
Total capital assets, net	<u>4,988,370</u>	<u>13,890,079</u>	<u>18,878,449</u>
Total assets	<u>10,240,167</u>	<u>19,333,561</u>	<u>29,573,728</u>
Deferred outflows of resources:			
Pension	1,436,212	808,563	2,244,775
OPEB	171,381	75,763	247,144
Asset retirement obligation	-	342,327	342,327
Total deferred outflows of resources	<u>1,607,593</u>	<u>1,226,653</u>	<u>2,834,246</u>
Liabilities:			
Accounts payable	121,776	17,957	139,733
Contracts payable	-	364,735	364,735
Accrued wages and benefits payable	111,587	77,312	188,899
Intergovernmental payable	31,893	24,022	55,915
Accrued interest payable	58,676	22,259	80,935
Notes payable	-	5,500,000	5,500,000
Unearned revenue	234,054	-	234,054
Refundable deposits	-	35,934	35,934
Long-term liabilities:			
Due within one year	289,349	421,901	711,250
Due in more than one year:			
Net pension liability	4,888,129	2,523,668	7,411,797
Net OPEB liability	182,982	-	182,982
Other amounts due in more than one year	<u>1,854,086</u>	<u>3,870,205</u>	<u>5,724,291</u>
Total liabilities	<u>7,772,532</u>	<u>12,857,993</u>	<u>20,630,525</u>
Deferred inflows of resources:			
Property taxes for the next fiscal year	981,663	-	981,663
Pension	463,587	104,574	568,161
OPEB	<u>251,701</u>	<u>47,772</u>	<u>299,473</u>
Total deferred inflows of resources	<u>1,696,951</u>	<u>152,346</u>	<u>1,849,297</u>
Net position:			
Net investment in capital assets	3,263,086	7,604,837	10,867,923
Restricted for:			
Capital projects	191,349	-	191,349
Pension and OPEB	81,610	83,490	165,100
Other purposes	1,315,684	8,190	1,323,874
Unrestricted (deficit)	<u>(2,473,452)</u>	<u>(146,642)</u>	<u>(2,620,094)</u>
Total net position	<u>\$ 2,378,277</u>	<u>\$ 7,549,875</u>	<u>\$ 9,928,152</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

		Program Revenues		
		Charges for	Operating Grants	Capital Grants
	Expenses	Services and Sales	and Contributions	and Contributions
Governmental activities:				
Current:				
General government	\$ 1,336,883	\$ 563,314	\$ 45,552	\$ -
Security of persons and property	3,123,032	1,018,806	53,582	-
Public health	86,021	37,378	5,529	-
Transportation	927,607	3,585	594,019	55,611
Leisure time activities	118,785	33,060	12,776	-
Interest	106,162	-	-	-
Total governmental activities	<u>5,698,490</u>	<u>1,656,143</u>	<u>711,458</u>	<u>55,611</u>
Business-type activities:				
Water	4,385,290	3,894,037	-	-
Sanitation	1,085,135	1,016,980	-	-
Sewer	724,562	753,797	-	198,384
Total business-type activities	<u>6,194,987</u>	<u>5,664,814</u>	<u>-</u>	<u>198,384</u>
Total	<u>\$ 11,893,477</u>	<u>\$ 7,320,957</u>	<u>\$ 711,458</u>	<u>\$ 253,995</u>

General revenues:

Property taxes levied for:

General purposes

Capital projects

Police and fire

Municipal income taxes levied for:

General purposes

Grants and entitlements not restricted
to specific programs

Other local taxes

Gain on sale of capital assets

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year, as previously reported

Restatement - change in accounting principle

Net position at beginning of year, restated

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (728,017)	\$ -	\$ (728,017)
(2,050,644)	-	(2,050,644)
(43,114)	-	(43,114)
(274,392)	-	(274,392)
(72,949)	-	(72,949)
(106,162)	-	(106,162)
<u>(3,275,278)</u>	<u>-</u>	<u>(3,275,278)</u>
-	(491,253)	(491,253)
-	(68,155)	(68,155)
-	227,619	227,619
<u>-</u>	<u>(331,789)</u>	<u>(331,789)</u>
<u>(3,275,278)</u>	<u>(331,789)</u>	<u>(3,607,067)</u>
251,479	-	251,479
64,548	-	64,548
863,203	-	863,203
1,840,382	-	1,840,382
403,244	-	403,244
92,250	-	92,250
4,343	-	4,343
105,714	213,272	318,986
58,137	86,071	144,208
<u>3,683,300</u>	<u>299,343</u>	<u>3,982,643</u>
<u>(40,566)</u>	<u>40,566</u>	<u>-</u>
<u>3,642,734</u>	<u>339,909</u>	<u>3,982,643</u>
367,456	8,120	375,576
2,139,957	7,645,343	9,785,300
<u>(129,136)</u>	<u>(103,588)</u>	<u>(232,724)</u>
<u>2,010,821</u>	<u>7,541,755</u>	<u>9,552,576</u>
<u>\$ 2,378,277</u>	<u>\$ 7,549,875</u>	<u>\$ 9,928,152</u>

CITY OF MARTINS FERRY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	Street Maintenance and Repair	Fire and Ambulance	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 891,851	\$ 235,614	\$ 176,026	\$ 1,099,276	\$ 2,402,767
Investments in segregated accounts	-	-	-	185,947	185,947
Receivables:					
Income taxes	433,299	77,772	-	44,440	555,511
Property taxes	291,628	-	-	1,013,654	1,305,282
Other local taxes	-	-	-	6,271	6,271
Intergovernmental	148,439	248,625	-	49,192	446,256
Accounts	22,408	704	162,338	58,224	243,674
Interfund loans	-	-	-	13,513	13,513
Materials and supplies inventory	-	11,250	-	-	11,250
Prepayments	1,326	319	341	711	2,697
Total assets	<u>\$ 1,788,951</u>	<u>\$ 574,284</u>	<u>\$ 338,705</u>	<u>\$ 2,471,228</u>	<u>\$ 5,173,168</u>
Liabilities:					
Accounts payable	\$ 116,268	\$ 1,807	\$ 2,233	\$ 1,468	\$ 121,776
Accrued wages and benefits payable	75,197	12,583	23,002	805	111,587
Intergovernmental payable	20,044	4,195	7,070	584	31,893
Interfund loans payable	-	2,981	-	-	2,981
Unearned revenue	3,479	-	-	230,575	234,054
Total liabilities	<u>214,988</u>	<u>21,566</u>	<u>32,305</u>	<u>233,432</u>	<u>502,291</u>
Deferred inflows of resources:					
Property taxes	211,120	-	-	770,543	981,663
Unavailable revenue - property taxes	80,508	-	-	243,111	323,619
Unavailable revenue - income taxes	197,058	35,370	-	20,210	252,638
Unavailable revenue - intergovernmental	99,961	118,862	-	38,671	257,494
Unavailable revenue - charges for service	-	-	113,082	-	113,082
Unavailable revenue - miscellaneous	-	-	-	56,714	56,714
Total deferred inflows of resources	<u>588,647</u>	<u>154,232</u>	<u>113,082</u>	<u>1,129,249</u>	<u>1,985,210</u>
Fund balances:					
Nonspendable	1,326	11,569	341	186,658	199,894
Restricted	-	386,917	-	913,136	1,300,053
Committed	56,349	-	192,977	8,753	258,079
Assigned	183,009	-	-	-	183,009
Unassigned	744,632	-	-	-	744,632
Total fund balances	<u>985,316</u>	<u>398,486</u>	<u>193,318</u>	<u>1,108,547</u>	<u>2,685,667</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,788,951</u>	<u>\$ 574,284</u>	<u>\$ 338,705</u>	<u>\$ 2,471,228</u>	<u>\$ 5,173,168</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total governmental fund balances	\$	2,685,667
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Amounts reported for governmental activities on the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,988,370
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.

Unavailable revenue - property taxes	\$	323,619	
Unavailable revenue - income taxes		252,638	
Unavailable revenue - intergovernmental		257,494	
Unavailable revenue - charges for services		113,082	
Unavailable revenue - fines, forfeitures and settlements		56,714	
Total		1,003,547	1,003,547

The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.

Deferred outflows of resources	1,436,212		
Net pension liability	(4,888,129)		
Deferred inflows of resources	(463,587)		
Total		(3,915,504)	(3,915,504)

The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.

Net OPEB asset	81,610		
Deferred outflows of resources	171,381		
Net OPEB liability	(182,982)		
Deferred inflows of resources	(251,701)		
Total		(181,692)	(181,692)

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

General obligation bonds payable	(1,122,276)		
OPWC loans	(21,243)		
ODOT loan	(239,157)		
USDA loans	(164,536)		
Street sweeper loan	(14,900)		
Police and fire pension	(98,242)		
Leases payable	(163,172)		
Compensated absences	(319,909)		
Total		(2,143,435)	(2,143,435)

On the statement of net position interest is accrued on outstanding debt obligations, whereas in governmental funds interest is accrued when due.

		(58,676)
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Net position of governmental activities	\$	2,378,277
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Street Maintenance and Repair	Fire and Ambulance	(Formerly Major) Street Paving	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Income taxes	\$ 1,543,421	\$ 249,638	\$ -		\$ 131,306	\$ 1,924,365
Property taxes	205,665	-	-		816,920	1,022,585
Other local taxes	-	-	-		92,250	92,250
Charges for services	395,004	-	667,851		53,379	1,116,234
Fees, licenses and permits	80,672	-	-		13,008	93,680
Fines, forfeitures and settlements	65,392	-	-		10,001	75,393
Intergovernmental	316,111	569,880	-		109,786	995,777
Interest	104,622	12,050	-		50,906	167,578
Rental income	6,000	-	12,000		28,878	46,878
Contributions and donations	6,700	-	-		10,446	17,146
Oil and gas lease	39,717	-	-		-	39,717
Other	202,057	12,029	24,265		42,750	281,101
Total revenues	<u>2,965,361</u>	<u>843,597</u>	<u>704,116</u>		<u>1,359,630</u>	<u>5,872,704</u>
Expenditures:						
Current:						
General government	1,221,045	-	-		2,301	1,223,346
Security of persons and property	1,485,783	-	627,302		759,147	2,872,232
Public health	11,201	-	-		71,949	83,150
Transportation	-	592,733	-		76,828	669,561
Leisure time activities	-	-	-		81,316	81,316
Capital outlay	37,697	77,709	-		122,563	237,969
Debt service:						
Principal retirement	32,004	75,465	26,459		58,493	192,421
Interest	2,710	17,235	1,493		60,100	81,538
Total expenditures	<u>2,790,440</u>	<u>763,142</u>	<u>655,254</u>		<u>1,232,697</u>	<u>5,441,533</u>
Excess of revenues over expenditures	<u>174,921</u>	<u>80,455</u>	<u>48,862</u>		<u>126,933</u>	<u>431,171</u>
Other financing sources (uses):						
Proceeds from sale of capital assets	5,000	-	-		-	5,000
Lease transaction	-	-	-		49,508	49,508
Transfers in	-	7,345	-		30,000	37,345
Transfers (out)	(37,345)	-	-		-	(37,345)
Total other financing sources (uses)	<u>(32,345)</u>	<u>7,345</u>	<u>-</u>		<u>79,508</u>	<u>54,508</u>
Net change in fund balances	142,576	87,800	48,862		206,441	485,679
Fund balances at beginning of year, as previously reported	842,740	310,686	144,456	109,512	792,594	2,199,988
Adjustment - changes from major fund to nonmajor fund	-	-	-	(109,512)	109,512	-
Fund balances at beginning of year, as adjusted	<u>842,740</u>	<u>310,686</u>	<u>144,456</u>		<u>902,106</u>	<u>2,199,988</u>
Fund balances at end of year	<u>\$ 985,316</u>	<u>\$ 398,486</u>	<u>\$ 193,318</u>		<u>\$ 1,108,547</u>	<u>\$ 2,685,667</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net change in fund balances - total governmental funds \$ 485,679

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

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

Capital asset additions	\$ 178,672	
Current year depreciation/amortization	(550,659)	
Total		(371,987)

Governmental activities only report the disposal of capital assets to the extent
proceeds are received from the sale. In the statement of activities, a gain or
loss is reported for each disposal. (657)

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

Property taxes	160,120	
Income taxes	(83,983)	
Intergovernmental	18,007	
Charges for service	78,607	
Fines, forfeitures and settlements	56,714	
Total		229,465

Repayment of long-term debt is an expenditure in the governmental funds, but
the repayment reduces long-term liabilities on the statement of net position. 192,421

In the statement of activities, interest is accrued on outstanding long-term debt
obligations, whereas in governmental funds, an interest expenditure is
reported when due. Higher interest expense is reported in the statement of
activities due to the following:

Increase in accrued interest payable		(24,624)
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Proceeds from lease transactions are recorded as other financing sources
in the governmental funds; however, in the statement of activities they
are not reported as they increase liabilities on the statement of net position. (49,508)

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

Pension	367,609	
OPEB	3,467	
Total		371,076

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

Pension	(464,888)	
OPEB	7,396	
Total		(457,492)

Some expenses reported in the statement of activities, such as compensated
absences, do not require the use of current financial resources and therefore
are not reported as expenditures in governmental funds. (6,917)

Change in net position of governmental activities \$ 367,456

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Enterprise Funds			
	Water	Sanitation	Sewer	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 4,461,927	\$ 27,300	\$ 302,633	\$ 4,791,860
Receivables:				
Accounts	313,519	84,478	61,042	459,039
Prepayments	1,305	429	246	1,980
Materials and supplies inventory	81,711	-	-	81,711
Total current assets	4,858,462	112,207	363,921	5,334,590
Noncurrent assets:				
Net OPEB asset	53,638	19,334	10,518	83,490
Restricted assets:				
Equity in pooled cash and investments	20,638	8,190	7,106	35,934
Capital assets:				
Not being depreciated/amortized	960,281	5,000	-	965,281
Being depreciated/amortized, net	11,377,851	472,758	1,074,189	12,924,798
Total noncurrent assets	12,412,408	505,282	1,091,813	14,009,503
Total assets	17,270,870	617,489	1,455,734	19,344,093
Deferred outflows of resources:				
Pension	511,702	186,598	110,263	808,563
OPEB	47,225	17,678	10,860	75,763
Asset retirement obligation	-	-	342,327	342,327
Total deferred outflows of resources	558,927	204,276	463,450	1,226,653
Liabilities:				
Current liabilities:				
Accounts payable	6,215	11,158	584	17,957
Contracts payable	364,735	-	-	364,735
Accrued wages and benefits payable	49,383	19,166	8,763	77,312
Intergovernmental payable	15,373	5,962	2,687	24,022
Accrued interest payable	8,965	8,419	4,875	22,259
Notes payable	5,500,000	-	-	5,500,000
Compensated absences payable	92,588	19,041	20,376	132,005
OWDA loans payable	111,690	-	9,611	121,301
OPWC loans payable	45,409	-	-	45,409
Loans payable	-	43,569	74,651	118,220
Leases payable	-	4,966	-	4,966
Total current liabilities	6,194,358	112,281	121,547	6,428,186
Noncurrent liabilities:				
Interfund loans payable	-	3,014	7,518	10,532
Compensated absences payable	115,413	28,697	27,467	171,577
OWDA loans payable	2,557,930	-	114,797	2,672,727
OPWC loans payable	165,732	-	-	165,732
Loans payable	-	310,844	185,582	496,426
Refundable deposits	20,638	8,190	7,106	35,934
Asset retirement obligation	-	-	363,743	363,743
Net pension liability	1,621,331	584,409	317,928	2,523,668
Total noncurrent liabilities	4,481,044	935,154	1,024,141	6,440,339
Total liabilities	10,675,402	1,047,435	1,145,688	12,868,525
Deferred inflows of resources:				
Pension	40,002	26,867	37,705	104,574
OPEB	30,691	11,063	6,018	47,772
Total deferred inflows of resources	70,693	37,930	43,723	152,346
Net position:				
Net investment in capital assets	6,796,910	118,379	689,548	7,604,837
Restricted for replacement and improvement	-	8,190	-	8,190
Restricted for pension and OPEB	53,638	19,334	10,518	83,490
Unrestricted (deficit)	233,154	(409,503)	29,707	(146,642)
Total net position (deficit)	\$ 7,083,702	\$ (263,600)	\$ 729,773	\$ 7,549,875

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds			
	Water	Sanitation	Sewer	Total
Operating revenues:				
Charges for services	\$ 3,894,037	\$ 1,016,980	\$ 753,797	\$ 5,664,814
Other	75,269	8,723	2,079	86,071
Total operating revenues	<u>3,969,306</u>	<u>1,025,703</u>	<u>755,876</u>	<u>5,750,885</u>
Operating expenses:				
Personal services	1,791,565	719,990	416,360	2,927,915
Contract services	926,438	238,561	152,947	1,317,946
Materials and supplies	703,956	42,616	51,997	798,569
Depreciation/amortization	734,344	67,086	91,853	893,283
Total operating expenses	<u>4,156,303</u>	<u>1,068,253</u>	<u>713,157</u>	<u>5,937,713</u>
Operating income (loss)	<u>(186,997)</u>	<u>(42,550)</u>	<u>42,719</u>	<u>(186,828)</u>
Nonoperating revenues (expenses):				
Investment revenue	213,272	-	-	213,272
Interest expense	(228,987)	(16,663)	(11,186)	(256,836)
Loss on disposal of capital assets	-	(219)	(219)	(438)
Total nonoperating revenues (expenses)	<u>(15,715)</u>	<u>(16,882)</u>	<u>(11,405)</u>	<u>(44,002)</u>
Income (loss) before capital contributions	(202,712)	(59,432)	31,314	(230,830)
Capital contributions	<u>-</u>	<u>-</u>	<u>238,950</u>	<u>238,950</u>
Change in net position	(202,712)	(59,432)	270,264	8,120
Net position at beginning of year, as previously reported	7,320,525	(162,526)	487,344	7,645,343
Restatement - change in accounting principle	<u>(34,111)</u>	<u>(41,642)</u>	<u>(27,835)</u>	<u>(103,588)</u>
Net position at beginning of year, restated	<u>7,286,414</u>	<u>(204,168)</u>	<u>459,509</u>	<u>7,541,755</u>
Net position at end of year	<u>\$ 7,083,702</u>	<u>\$ (263,600)</u>	<u>\$ 729,773</u>	<u>\$ 7,549,875</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds			
	Water	Sanitation	Sewer	Total
Cash flows from operating activities:				
Cash received from sales/charges for services	\$3,835,112	\$ 1,007,923	\$742,414	\$ 5,585,449
Cash received from other operations	71,893	7,778	1,537	81,208
Cash payments for personal services	(1,827,306)	(721,530)	(423,219)	(2,972,055)
Cash payments for contract services	(926,438)	(238,561)	(152,947)	(1,317,946)
Cash payments for materials and supplies	(728,049)	(47,413)	(59,602)	(835,064)
Net cash provided by operating activities	<u>425,212</u>	<u>8,197</u>	<u>108,183</u>	<u>541,592</u>
Cash flows from noncapital financing activities:				
Cash used in advances out	<u>-</u>	<u>(4,140)</u>	<u>(19,895)</u>	<u>(24,035)</u>
Net cash used in noncapital financing activities	<u>-</u>	<u>(4,140)</u>	<u>(19,895)</u>	<u>(24,035)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,295,726)	-	(198,384)	(2,494,110)
Capital contributions	-	-	198,384	198,384
Principal paid on debt	(5,357,229)	(71,152)	(81,505)	(5,509,886)
Interest paid on debt	(292,998)	(18,075)	(13,435)	(324,508)
Debt issuance costs	(31,963)	-	-	(31,963)
Premium on note issuance	44,000	-	-	44,000
Notes issuance	<u>5,500,000</u>	<u>-</u>	<u>-</u>	<u>5,500,000</u>
Net cash used in capital and related financing activities	<u>(2,433,916)</u>	<u>(89,227)</u>	<u>(94,940)</u>	<u>(2,618,083)</u>
Cash flows from investing activities:				
Interest received	<u>213,272</u>	<u>-</u>	<u>-</u>	<u>213,272</u>
Net cash provided by investing activities	<u>213,272</u>	<u>-</u>	<u>-</u>	<u>213,272</u>
Net decrease in cash and cash equivalents	(1,795,432)	(85,170)	(6,652)	(1,887,254)
Cash and cash equivalents at beginning of year	6,257,359	112,470	309,285	6,679,114
Cash and cash equivalents at end of year	<u><u>\$ 4,461,927</u></u>	<u><u>\$ 27,300</u></u>	<u><u>\$ 302,633</u></u>	<u><u>\$ 4,791,860</u></u>

CITY OF MARTINS FERRY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2024

	Enterprise Funds			
	Water	Sanitation	Sewer	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (186,997)	\$ (42,550)	\$ 42,719	\$ (186,828)
Adjustments:				
Depreciation/amortization	734,344	67,086	91,853	893,283
(Increases) decreases in assets and deferred outflows of resources:				
Materials and supplies inventory	(10,398)	-	-	(10,398)
Accounts receivable	(62,301)	(10,002)	(11,925)	(84,228)
Prepayments	(1,305)	174	65	(1,066)
Net OPEB asset	(53,638)	(19,334)	(10,518)	(83,490)
Deferred outflows - pension	278,620	122,585	105,905	507,110
Deferred outflows - OPEB	70,928	26,861	17,058	114,847
Increases (decreases) in liabilities and deferred inflows of resources:				
Accounts payable	(13,695)	(4,797)	(7,605)	(26,097)
Accrued wages and benefits	4,259	3,136	488	7,883
Intergovernmental payable	4,744	2,233	648	7,625
Compensated absences payable	(33,507)	(8,873)	(5,705)	(48,085)
Net pension liability	(313,959)	(144,630)	(137,045)	(595,634)
Net OPEB liability	(39,596)	(14,916)	(9,309)	(63,821)
Deferred inflows - pension	37,451	26,867	30,985	95,303
Deferred inflows - OPEB	10,262	4,357	569	15,188
Net cash provided by operating activities	<u>\$ 425,212</u>	<u>\$ 8,197</u>	<u>\$ 108,183</u>	<u>\$ 541,592</u>

Non-cash capital transactions:

At December 31, 2024, the Water fund had capital asset purchases on account consisting of \$364,735 in contracts payable. In 2024, the governmental activities transferred capital assets in the amount of \$40,566 to the Sewer fund.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
DECEMBER 31, 2024**

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	\$ 81,043
Cash in segregated accounts	<u>130</u>
Total assets	<u>81,173</u>
Net position:	
Restricted for individuals, organizations, and other governments	<u>81,173</u>
Total net position	<u><u>\$ 81,173</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Custodial</u>
Additions:	
Fines and forfeitures collections for other governments	<u>\$ 93,808</u>
Total additions	<u>93,808</u>
Deductions:	
Fines and forfeitures distributions to other governments	<u>107,870</u>
Total deductions	<u>107,870</u>
Change in net position	(14,062)
Net position at beginning of year	<u>95,235</u>
Net position at end of year	<u><u>\$ 81,173</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - DESCRIPTION OF THE CITY

The City of Martins Ferry (the "City") is a municipal corporation established under the laws of the State of Ohio. The City operates under a Mayor/Council form of government. Legislative power is vested in an eight member Council, each elected for two year terms, and other elected officials that include a Mayor, Auditor, Treasurer, and Law Director. The Mayor appoints the department directors and public members of various boards and commissions.

The City is located in Belmont County, in Eastern Ohio, on the Ohio River and is the largest city in Belmont County. The City became a settlement in 1835 and was chartered as a city in 1865.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City (the primary government) and its potential component units consistent with Government Accounting Standards Board Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, and No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*.

The City provides various services including police and fire protection, emergency medical, recreation (including parks), planning, zoning, street maintenance and repair, water and water pollution control, sanitation and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore these operations are included in the primary government.

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

The City is involved with the Belmont Metropolitan Housing Authority, Eastern Ohio Regional Transit Authority, Ohio Mid-Eastern Governments Association, Jefferson-Belmont Joint Solid Waste Authority, Belmont County Sewer Authority, and Bel-O-Mar Regional Council which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 16.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government 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 City's accounting policies are described below.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

B. Basis of Presentation

The City'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 City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The Statement of Net Position presents the financial condition of the governmental and business-type activities at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 City, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements - During the year, the City segregates transactions related to certain City 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 City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The City 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.

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 and liabilities and deferred inflows is reported as fund balance. The following are the City's major governmental funds:

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

Street Maintenance and Repair Fund - The street maintenance and repair special revenue fund is required by the Ohio Revised Code to account for state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Fire and Ambulance Fund - The fire and ambulance special revenue fund is used to account for fees charged and property taxes collected for ambulance services.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Other governmental funds of the City are used to account for:

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

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

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the City's proprietary fund type:

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The water, sanitation, and sewer funds are the City's major enterprise funds.

Water Fund - The water fund accounts for the provision of water service to the residents and commercial users located within the City.

Sanitation Fund - The sanitation fund accounts for the provision of sanitation service to the residents and commercial users located within the City.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. The City's custodial fund accounts for monies acquired by the police department in the course of arrests and funds set aside to be used in the reclamation of properties destroyed by fire where insurance proceeds are not sufficient and includes the court collections of the Mayor's Court that are distributed to other entities.

D. Measurement Focus

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

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

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Like the government-wide statements, all proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows and resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. For proprietary funds the Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its enterprise activities.

Fiduciary funds present a Statement of Changes in Fiduciary Net Position which reports additions to and deductions from custodial funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the 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 - Revenues 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 City, available means expected to be received within sixty days of the year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants 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 fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: investment earnings, income taxes, state-levied locally shared taxes (including gasoline tax, motor vehicle license tax, and homestead and rollback), and fines and forfeitures.

Deferred Outflows/Inflows of Resources - In addition to assets, the Statements of Net 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 City, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension, OPEB, and Asset Retirement Obligation. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

In addition to liabilities, the Statements of Net 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 as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 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 City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. 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.

F. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were passed by Council.

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

G. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and investments." Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

The City also has two accounts that are maintained separately from the City's deposits. These depository accounts are presented on the financial statements as "investments in segregated accounts" and "cash in segregated accounts."

During fiscal year 2024, the City's investments were limited to a certificate of deposit, a money market and a repurchase agreement.

Investment procedures are restricted by the provisions of the Ohio Revised Code and the City's investment policy. Interest revenue credited to the general fund during 2024 amounted to \$104,622, which includes \$66,233 assigned from other City funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2024 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment and an expenditure/expense is reported in the year in which services are consumed.

I. Materials and Supplies Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventory consists of expendable supplies held for consumption.

J. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Customer deposits have been restricted in the enterprise funds because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposit payable liability account.

K. Capital Assets

General capital assets are capital assets that are associated and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported in both the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and are updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of \$5,000, except for infrastructure which is set at \$10,000. 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. In addition, assets having an estimated useful life of more than one year that are below the \$5,000 or \$10,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

All reported capital assets, except for land and construction in progress, are depreciated/amortized. Improvements are depreciated/amortized over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation/amortization is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Buildings	40 Years	40 Years
Buildings Improvements	20-50 Years	20-50 Years
Infrastructure	15-50 Years	15-50 Years
Equipment and Machinery	3-20 Years	3-20 Years
Vehicles	5 Years	5 Years
Intangible right to use assets - vehicles	5 Years	5 Years

The City reported infrastructure for governmental activities for the first time in 2004; therefore, the City only reports the amounts acquired after 2004.

The City is reporting intangible right to use assets related to leased vehicles. The intangible right to use assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are reported as "due to/due from other funds."

On fund financial statements, long-term interfund loans are classified as "advances to/from other funds" on the Balance Sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances."

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and 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.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

N. Compensated Absences

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

Vacation Leave

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

Sick Leave

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

O. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

P. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. 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" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City 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 policies of the City. The City has by resolution authorized the Auditor to assign fund balance. The City may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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 City 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 represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are primarily for charges for services for water, sanitation and sewer services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

S. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2024.

U. Estimates

The preparation of the 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*", Implementation Guide No. 2023-1 and GASB Statement No. 101, "*Compensated Absences*".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. These changes were incorporated into the City's 2024 financial statements.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated into the City's 2024 financial statements.

B. Change within the Financial Reporting Entity

For 2024, the City's street paving fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Net Position

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is shown in the table below.

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
Net Position			
Governmental Activities	\$ 2,139,957	\$ (129,136)	\$ 2,010,821
Business-Type Activities	7,645,343	(103,588)	7,541,755
Total Net Position	<u>\$ 9,785,300</u>	<u>\$ (232,724)</u>	<u>\$ 9,552,576</u>
Proprietary Funds			
Major Funds:			
Water	\$ 7,320,525	\$ (34,111)	\$ 7,286,414
Sanitation	(162,526)	(41,642)	(204,168)
Sewer	487,344	(27,835)	459,509
Total Proprietary Funds	<u>\$ 7,645,343</u>	<u>\$ (103,588)</u>	<u>\$ 7,541,755</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

The City maintains a cash deposit and investment pool for all funds. Each fund's share of cash deposits and investments is shown separately on the statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City 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 City has identified as not required for use within the current two-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 monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

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

Interim monies may be deposited or invested in the following securities:

1. Obligations of the United States including U.S. treasury securities and government agency securities guaranteed by the United States;

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. United States government agency securities and the securities issued by instrumentalities of the U.S. including, but not limited to, obligations of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Farm Credit Bank, the Federal Home Loan Bank, the Government National Mortgage Association (GNMA), and the Small Business Administration (SBA);
3. State Treasury Asset Reserve of Ohio (STAR Ohio);
4. Obligations of the State of Ohio and obligations of political subdivisions of the State of Ohio;
5. Deposits of any Ohio financial institution subject to collateralization of public funds defined by the Ohio Revised Code;
6. Bankers Acceptances and Deposits of the top fifty banks in the United States based upon asset size or Ohio based financial institutions with at least \$2 billion in total assets;
7. Prime Commercial Paper issued with a credit rating of P-1 by Standard & Poor's Corporation or A-1 by Moody's rating service;
8. Obligations of corporate entities having debt rating of Aa or better by Standard & Poor's Corporation or Moody's rating service.

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 City, 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.

A. Cash in Segregated Accounts

The Mayor's Court fund is maintained separately from the City's deposits. The carrying amount of the deposits at December 31, 2024 is \$130 which is reported as "cash in segregated accounts."

B. Investments in Segregated Accounts

The cemetery endowment fund has a non-negotiable certificate of deposit that is maintained separately from the City's deposits. The carrying amount of the certificate of deposit at December 31, 2024 is \$185,947 which is reported as "investments in segregated accounts."

C. Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2024, \$435,721 of the City's total bank balance of \$868,105 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution. These amounts were covered by participation in the Ohio Pooled Collateral System (OPCS).

The City 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 City 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,

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

D. Investments

As of December 31, 2024, the City had the following investment and maturity:

Investment type	Measurement Amount	6 Months or Less	Percent of Total
<i>Cost:</i>			
Repurchase Agreement	<u>\$ 6,494,802</u>	<u>\$ 6,494,802</u>	<u>100%</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City's investment policy limits investment portfolio maturities to five years or less.

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

Credit Risk: The City's investments in the federal agency securities that underlie the City's repurchase agreement were rated AAA by Moody's Investor Services. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer.

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position as of December 31, 2024:

Cash and investments per note

Carrying amount of deposits	\$ 816,802
Investments	6,494,802
Investments in segregated accounts	185,947
Cash in segregated accounts	<u>130</u>
Total	<u>\$ 7,497,681</u>

Cash and cash equivalents per statement of net position

Governmental activities	\$ 2,588,714
Business-type activities	4,827,794
Fiduciary funds	<u>81,173</u>
Total	<u>\$ 7,497,681</u>

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5 - INTERFUND ACTIVITY

A. Interfund Balances

Interfund balances at December 31, 2024 consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
Nonmajor governmental funds	Street maintenance and repair	\$ 2,981
Nonmajor governmental funds	Sanitation	3,014
Nonmajor governmental funds	Sewer	7,518
		<u>\$ 13,513</u>

During 2017, the permanent improvement fund advanced \$25,307 to the general and sewer fund for the down payment on a street sweeper. These advances will be repaid in monthly installments over 7 years at an interest rate of 3.2 percent.

During 2018, the permanent improvement fund advanced \$25,090 to the sanitation fund for the first payment on a new packer. This advance will be repaid in monthly installments over 7 years at an interest rate of 4.18 percent.

During 2018, the permanent improvement fund advanced \$47,512 to the sewer fund for the first payment on a new vacall sewer cleaner. This advance will be repaid in monthly installments over 7 years at an interest rate of 3.28 percent.

During 2019, the permanent improvement fund advanced \$15,473 and \$23,209 to the street maintenance and repair fund and sewer fund, respectively, for the first payment on a new street sweeper. These advances will be repaid in monthly installments over 7 years at an interest rate of 3.88 percent.

During 2020, the permanent improvement fund advanced \$34,000 sewer fund for the City share of the TurfCare Lift Station project. This advance will be repaid in monthly installments over 5 years at an interest rate of 2.0 percent.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2024, consisted of the following:

	<u>Transfers From</u>
<u>Transfers To</u>	<u>General</u>
Street Maintenance and Repair	\$ 7,345
Nonmajor Governmental Funds	30,000
Totals	<u>\$ 37,345</u>

Interfund transfers made from the general fund were done to provide additional resources for current operations.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2024 for real and public utility property taxes represents collections of the 2023 taxes.

2024 real property taxes were levied after October 1, 2024 on the assessed value as of January 1, 2024, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2024 real property taxes are collected in and intended to finance 2025.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 - PROPERTY TAXES - (Continued)

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 later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes which became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2024, was \$16.10 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2024 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Agricultural/Residential	\$ 59,887,000
Commercial	19,481,420
Public Utilities	<u>7,314,880</u>
Total Assessed Valuation	<u>\$ 86,683,300</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2024, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2024 operations is offset to deferred inflows of resources - property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources - unavailable revenue.

NOTE 7 - INCOME TAXES

The City levies a municipal income tax of 1.0 percent, (increased from 0.75 percent effective June 1, 2014) on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used for the purpose of general municipal operations, maintenance, new equipment, extension and enlargement of municipal services, facilities and capital improvements of the City as determined by City Council. In 2024, the proceeds were receipted to the general fund and the street, maintenance and repair fund. Proceeds were also receipted to the Street, Street Paving, Recreation Department, and East Ohio Regional Hospital for 2024.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - CAPITAL ASSETS

A summary of changes in capital assets during 2024 follows:

	Balance 12/31/2023	Additions	Disposals	Balance 12/31/2024
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 712,451	\$ -	\$ -	\$ 712,451
Construction in progress	<u>-</u>	<u>78,993</u>	<u>-</u>	<u>78,993</u>
Total capital assets, not being depreciated/amortized	<u>712,451</u>	<u>78,993</u>	<u>-</u>	<u>791,444</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings	2,217,786	-	-	2,217,786
Buildings improvements	1,011,767	24,212	-	1,035,979
Equipment and machinery	1,269,827	25,959	-	1,295,786
Infrastructure	4,191,714	-	-	4,191,714
Vehicles	3,410,232	-	(93,059)	3,317,173
Intangible Right to Use - Vehicles	<u>556,345</u>	<u>49,508</u>	<u>-</u>	<u>605,853</u>
Total capital assets, being depreciated/amortized	<u>12,657,671</u>	<u>99,679</u>	<u>(93,059)</u>	<u>12,664,291</u>
<i>Less: accumulated depreciation/ammortization:</i>				
Buildings	(1,687,068)	(39,046)	-	(1,726,114)
Buildings improvements	(879,636)	(10,862)	-	(890,498)
Equipment and machinery	(1,090,876)	(39,029)	-	(1,129,905)
Infrastructure	(1,285,824)	(200,435)	-	(1,486,259)
Vehicles	(2,658,842)	(163,834)	92,402	(2,730,274)
Intangible Right to Use - Vehicles	<u>(406,862)</u>	<u>(97,453)</u>	<u>-</u>	<u>(504,315)</u>
Total accumulated depreciation/amortization	<u>(8,009,108)</u>	<u>(550,659)</u>	<u>92,402</u>	<u>(8,467,365)</u>
Total capital assets, being depreciated/amortized, net	<u>4,648,563</u>	<u>(450,980)</u>	<u>(657)</u>	<u>4,196,926</u>
Governmental activities capital assets, net	<u>\$ 5,361,014</u>	<u>\$ (371,987)</u>	<u>\$ (657)</u>	<u>\$ 4,988,370</u>

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

<u>Governmental activities:</u>	
General government	\$ 99,666
Leisure time activities	37,091
Security of persons and property	155,027
Transportation	257,029
Public health	<u>1,846</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 550,659</u>

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - CAPITAL ASSETS - (Continued)

	Balance 12/31/2023	Additions	Disposals	Balance 12/31/2024
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 171,440	\$ -	\$ -	\$ 171,440
Construction in progress	<u>-</u>	<u>793,841</u>	<u>-</u>	<u>793,841</u>
Total capital assets, not being depreciated/amortized	<u>171,440</u>	<u>793,841</u>	<u>-</u>	<u>965,281</u>
<i>Capital assets, being depreciated/amortized:</i>				
Buildings	6,346,898	7,950	-	6,354,848
Buildings improvements	2,068,880	-	-	2,068,880
Equipment and machinery	9,245,907	1,858,670	-	11,104,577
Infrastructure	10,910,156	238,950	-	11,149,106
Vehicles	1,831,058	-	(19,724)	1,811,334
Intangible Right to Use - Vehicles	<u>130,296</u>	<u>-</u>	<u>-</u>	<u>130,296</u>
Total capital assets, being depreciated/amortized	<u>30,533,195</u>	<u>2,105,570</u>	<u>(19,724)</u>	<u>32,619,041</u>
<i>Less: accumulated depreciation/amortization:</i>				
Buildings	(4,050,582)	(152,336)	-	(4,202,918)
Buildings improvements	(1,783,429)	(53,379)	-	(1,836,808)
Equipment and machinery	(7,699,013)	(240,981)	-	(7,939,994)
Infrastructure	(4,048,230)	(278,417)	-	(4,326,647)
Vehicles	(1,125,892)	(166,427)	19,286	(1,273,033)
Intangible Right to Use - Vehicles	<u>(113,100)</u>	<u>(1,743)</u>	<u>-</u>	<u>(114,843)</u>
Total accumulated depreciation/amortization	<u>(18,820,246)</u>	<u>(893,283)</u>	<u>19,286</u>	<u>(19,694,243)</u>
Total capital assets, being depreciated/amortized, net	<u>11,712,949</u>	<u>1,212,287</u>	<u>(438)</u>	<u>12,924,798</u>
Business-type activities capital assets, net	<u>\$ 11,884,389</u>	<u>\$ 2,006,128</u>	<u>\$ (438)</u>	<u>\$ 13,890,079</u>

Depreciation/amortization expense was charged to the programs as follows:

<u>Business-type activities</u>	
Water	\$ 734,344
Sanitation	67,086
Sewer	<u>91,853</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 893,283</u>

NOTE 9 - RECEIVABLES

Receivables at December 31, 2024, consisted of taxes, accounts (billings for user charged services, settlements, fees, and other reimbursements), and intergovernmental receivables arising from entitlements and shared revenues. All receivables are deemed collectible in full. All receivables are expected to be collected within the subsequent year with the exception of the opioid settlement receivable which will be collected over the course of the settlement agreements. Receivables in the amount of \$52,725 are not expected to be received within one year.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the City's policy. The Pool covers the following risk:

- General liability and casualty
- Public official's liability
- Employment practices liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2023 (the latest information available):

<u>Casualty and Property Coverage</u>	<u>2023</u>
Assets	\$ 67,306,752
Liabilities	<u>(23,172,377)</u>
Net Position	<u>\$ 44,134,375</u>

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset) and Net OPEB Liability (Asset)

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

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 net pension/OPEB liability (asset) represents the City'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 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 this estimate annually.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the City 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 long-term net pension/OPEB liability (asset) 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 basis of accounting.

The remainder of this note includes the pension disclosures. See Note 12 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed. (The latest information available.) Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2024 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2024 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$477,157 for 2024. Of this amount, \$37,816 is reported as intergovernmental payable.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>
2024 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2024 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>
Employee	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$131,747 for 2024. Of this amount, \$14,177 is reported as intergovernmental payable.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability (asset) was based on the City'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:

	OPERS - Traditional	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02034600%	0.02977180%	
Proportion of the net pension liability/asset current measurement date	<u>0.01906200%</u>	<u>0.02506150%</u>	
Change in proportionate share	<u>-0.00128400%</u>	<u>-0.00471030%</u>	
Proportionate share of the net pension liability	\$ 4,990,510	\$ 2,421,287	\$ 7,411,797
Pension expense	532,300	180,662	712,962

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 81,564	\$ 77,730	\$ 159,294
Net difference between projected and actual earnings on pension plan investments	1,007,296	274,381	1,281,677
Changes of assumptions	-	153,024	153,024
Changes in employer's proportionate percentage/ difference between employer contributions	34,092	7,783	41,875
Contributions subsequent to the measurement date	477,158	131,747	608,905
Total deferred outflows of resources	<u>\$ 1,600,110</u>	<u>\$ 644,665</u>	<u>\$ 2,244,775</u>

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 27,080	\$ 27,080
Changes of assumptions	-	36,770	36,770
Changes in employer's proportionate percentage/ difference between employer contributions	144,228	360,083	504,311
Total deferred inflows of resources	<u>\$ 144,228</u>	<u>\$ 423,933</u>	<u>\$ 568,161</u>

\$608,905 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2025.

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

	OPERS - Traditional	OP&F	Total
Year Ending December 31:			
2025	\$ 185,333	\$ 34,426	\$ 219,759
2026	294,029	48,218	342,247
2027	642,799	125,494	768,293
2028	(143,437)	(71,127)	(214,564)
2029	-	(48,355)	(48,355)
Thereafter	-	329	329
Total	<u>\$ 978,724</u>	<u>\$ 88,985</u>	<u>\$ 1,067,709</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.00 %	2.85 %
Domestic equities	21.00	4.27
Real estate	13.00	4.46
Private equity	15.00	7.52
International equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00 %	

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 7,856,403	\$ 4,990,510	\$ 2,606,919

Actuarial Assumptions - OP&F

OP&F's total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No.67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and 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. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

Healthy Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a 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 City'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%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 3,207,175	\$ 2,421,287	\$ 1,767,745

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit;

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

Group C 32 years of qualified health care service credit and at least age 55.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>	Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>	Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$3,467 for 2024. Of this amount, \$373 is reported as intergovernmental payable.

Net OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.01950300%	0.02977180%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.01829300%</u>	<u>0.02506150%</u>	
Change in proportionate share	<u>-0.00121000%</u>	<u>-0.00471030%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 182,982	\$ 182,982
Proportionate share of the net OPEB asset	(165,100)	-	(165,100)
OPEB expense	(34,472)	9,800	(24,672)

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 8,798	\$ 8,798
Net difference between projected and actual earnings on OPEB plan investments	99,150	13,511	112,661
Changes of assumptions	42,505	62,968	105,473
Changes in employer's proportionate percentage/ difference between employer contributions	4,932	11,813	16,745
Contributions subsequent to the measurement date	-	3,467	3,467
Total deferred outflows of resources	<u>\$ 146,587</u>	<u>\$ 100,557</u>	<u>\$ 247,144</u>
	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 23,498	\$ 33,626	\$ 57,124
Changes of assumptions	70,971	117,838	188,809
Changes in employer's proportionate percentage/ difference between employer contributions	-	53,540	53,540
Total deferred inflows of resources	<u>\$ 94,469</u>	<u>\$ 205,004</u>	<u>\$ 299,473</u>

\$3,467 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2025.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Year Ending December 31:	OPERS	OP&F	Total
2025	\$ (618)	\$ (1,292)	\$ (1,910)
2026	9,036	(14,842)	(5,806)
2027	77,178	(12,250)	64,928
2028	(33,478)	(23,638)	(57,116)
2029	-	(23,084)	(23,084)
Thereafter	-	(32,808)	(32,808)
Total	<u>\$ 52,118</u>	<u>\$ (107,914)</u>	<u>\$ (55,796)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

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CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	100.00 %	

Discount Rate - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 90,733	\$ (165,100)	\$ (377,019)

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ (171,954)	\$ (165,100)	\$ (157,320)

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and 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.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

Disabled Mortality

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. All rates are projected using the MP-2021 Improvement Scale.

Contingent Annuitant Mortality

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

Pre-Retirement Mortality

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	2.00	3.50
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - Total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38% was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07%), or one percentage point higher (5.07%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 225,383	\$ 182,982	\$ 147,272

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - OTHER EMPLOYEE BENEFITS

The City provides life insurance and accidental death and dismemberment insurance to all union employees as well as all non-union full-time employees, excluding elected officials. The amount of the life insurance policy for the union employees is based on the employee's rate of pay while the police receive a \$30,000 policy and all City supervisors receive a \$30,000 policy.

The City contracts with Stark County Consortium, for hospitalization insurance for all employees. The City pays \$2,393 of the total monthly premiums of \$2,719 for family coverage and \$985 of the monthly premiums of \$1,119 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries. City AFSCME Union employees and full-time police pay \$326 for family coverage and \$134 for single coverage.

The City contracts with Vision Service Plan for vision insurance for all Employees. Premiums are paid from the same funds that pay the employees' salaries. The City contracts with Ohio AFSCME Care Plan for dental for all union employees, police, and supervisors. The City pays 100 percent of the total monthly dental premiums of \$64 per employee. The City pays 100 percent of total monthly vision premiums of \$36 per family, \$22 for employee plus one, and \$13 for single employee. Premiums are paid from the same funds that pay the employees' salaries.

NOTE 14 - LONG-TERM OBLIGATIONS

The original issue date, maturity date, interest rate and original issuance amount for the City's debt follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities:			
St. Route 647 OPWC Loan - 2003	0.00%	10,029	January 1, 2024
Street Paving OPWC Loan - 2015	0.00%	97,880	July 1, 2026
First Street Paving OPWC Loan	0.00%	57,267	July 20, 2027
USDA Loan - Equipment - 2015	3.25%	77,280	November 1, 2023
USDA Loan - Building - 2016	2.875%	203,100	June 1, 2046
ODOT - SIB Loan - 2018	3.00%	291,040	June 19, 2038
Street Sweeper - 2019	3.88%	96,930	May 24, 2025
Street Improvement Bonds - 2022	4.49%	1,200,000	July 7, 2042
Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Business-Type Activities:			
Storm Sewer Improvement Camera System Bond	3.14%	80,000	December 1, 2023
Ferry View/Sharon Road Waterlines OWDA Loan - 2004	2.00%	3,370,848	January 1, 2025
Water Meters OWDA Loan - 2011	2.00%	953,977	January 1, 2042
County Road 4 Waterlines Replacement OWDA Loan - 2015	1.570%	2,700,034	July 1, 2046
Cemetery Road Sewer Replacement OWDA Loan - 2016	2.22%	198,051	July 1, 2036
Woodmont Street Pump Project OPWC Loan - 2007	0.00%	231,526	January 1, 2029
Woodmont Pump Station OPWC Loan - 2004	0.00%	20,000	January 1, 2024
Water Tank OPWC Loan - 2007	2.00%	255,000	January 1, 2028
Water Treatment Plant and Well Field Project OPWC Loan - 2009	0.00%	379,600	July 1, 2032
USDA Loan - Equipment - 2015	3.25%	198,720	November 1, 2023
USDA Loan - Building - 2016	2.875%	473,900	June 1, 2046
Street Sweeper - 2019	3.88%	145,394	May 24, 2025
Packer - 2018	4.18%	155,845	November 14, 2024
Vacall Sewer Truck - 2018	3.45%	337,569	April 15, 2025
Unified Bank - 2023	5.82%	198,000	June 1, 2028

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023, which is reflected in the schedule below. The changes in governmental activities long-term obligations during the year were as follows:

<u>Governmental activities:</u>	<u>Restated Balance 12/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/24</u>	<u>Amount Due in One Year</u>
<i>Direct Placement:</i>					
Street Improvement Bonds	\$ 1,161,932	\$ -	\$ (39,656)	\$ 1,122,276	\$ 41,607
Total general obligation bonds	<u>1,161,932</u>	<u>-</u>	<u>(39,656)</u>	<u>1,122,276</u>	<u>41,607</u>
<i>Direct Borrowing:</i>					
OPWC loans:					
Street Paving	19,576	-	(9,788)	9,788	9,788
First Street Paving	<u>17,182</u>	<u>-</u>	<u>(5,727)</u>	<u>11,455</u>	<u>5,727</u>
Total OPWC Loans	<u>36,758</u>	<u>-</u>	<u>(15,515)</u>	<u>21,243</u>	<u>15,515</u>
USDA Loan:					
Building Loan	<u>169,848</u>	<u>-</u>	<u>(5,312)</u>	<u>164,536</u>	<u>5,465</u>
Total USDA Loan	<u>169,848</u>	<u>-</u>	<u>(5,312)</u>	<u>164,536</u>	<u>5,465</u>
Street Sweeper Loan 2019	29,243	-	(14,343)	14,900	14,900
ODOT - SIB Loan	<u>253,337</u>	<u>-</u>	<u>(14,180)</u>	<u>239,157</u>	<u>14,609</u>
Total Direct Borrowings	<u>489,186</u>	<u>-</u>	<u>(49,350)</u>	<u>439,836</u>	<u>50,489</u>
<i>Other Long-Term Obligations:</i>					
Police and Fire Pension	105,569	-	(7,327)	98,242	7,642
Leases Payable	209,752	49,508	(96,088)	163,172	59,185
Compensated Absences*	312,992	6,917	-	319,909	130,426
Net Pension Liability	5,718,947	-	(830,818)	4,888,129	-
Net OPEB Liability	<u>271,116</u>	<u>-</u>	<u>(88,134)</u>	<u>182,982</u>	<u>-</u>
Governmental Activities long-term obligations	<u>\$ 8,269,494</u>	<u>\$ 56,425</u>	<u>\$ (1,111,373)</u>	<u>\$ 7,214,546</u>	<u>\$ 289,349</u>

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CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023, which is reflected in the schedule below. The changes in business-type activities long-term obligations during the year were as follows:

Business-type activities:	<u>Restated Balance 12/31/23</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/24</u>	<u>Amount Due in One Year</u>
<i>Direct Borrowing:</i>					
<i>OWDA Loans:</i>					
Ferry View/Sharon Road Waterlines	\$ 202,284	\$ -	\$ (202,284)	\$ -	\$ -
Water Meters	640,688	-	(29,895)	610,793	30,496
County Rd 4 Waterline Replacement	2,138,761	-	(79,934)	2,058,827	81,194
Cemetery Road Sewer Replacement	133,806	-	(9,398)	124,408	9,611
<i>Total OWDA Loans</i>	<u>3,115,539</u>	<u>-</u>	<u>(321,511)</u>	<u>2,794,028</u>	<u>121,301</u>
<i>OPWC Loans:</i>					
Woodmont Street Pump Project	52,097	-	(11,576)	40,521	11,577
Water Tank	52,320	-	(14,560)	37,760	14,852
Water Treatment Plant and Well Field	151,840	-	(18,980)	132,860	18,980
<i>Total OPWC Loans</i>	<u>256,257</u>	<u>-</u>	<u>(45,116)</u>	<u>211,141</u>	<u>45,409</u>
<i>USDA Loan:</i>					
Building Loan	396,310	-	(12,394)	383,916	12,752
<i>Total USDA Loan</i>	<u>396,310</u>	<u>-</u>	<u>(12,394)</u>	<u>383,916</u>	<u>12,752</u>
<i>Other Loans:</i>					
Street Sweeper Loan 2019	43,862	-	(21,514)	22,348	22,348
Packer Loan 2018	24,082	-	(24,082)	-	-
Packer Loan 2023	198,000	-	(35,545)	162,455	37,193
Vacall Sewer Truck Loan	90,323	-	(44,396)	45,927	45,927
<i>Total Other Loans</i>	<u>356,267</u>	<u>-</u>	<u>(125,537)</u>	<u>230,730</u>	<u>105,468</u>
<i>Other Long-term Obligations:</i>					
Leases Payable	10,294	-	(5,328)	4,966	4,966
Asset Retirement Obligation	363,743	-	-	363,743	-
Compensated Absences*	351,667	-	(48,085)	303,582	132,005
Unamortized Premium on Debt	51,500	-	(51,500)	-	-
Net Pension Liability	3,119,302	-	(595,634)	2,523,668	-
Net OPEB Liability	63,821	-	(63,821)	-	-
<i>Total business-type activities long-term obligations</i>	<u>\$ 8,084,700</u>	<u>\$ -</u>	<u>\$ (1,268,926)</u>	<u>\$ 6,815,774</u>	<u>\$ 421,901</u>

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

Governmental Activities:

Direct Placement

During 2022, the City issued bonds for street improvements. The bonds will be repaid in annual installments over a 19-year period.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

Direct Borrowings

During 2016, the City entered into a loan agreement with the United States Department of Agriculture (USDA) for the purchase of service garage to be used by the street, sanitation, and sewer departments. In the event of default, as defined by the debt agreement, the amounts payable by the City may become due. If payments are not made, the USDA may retake possession of the ambulance and equipment and hold the City liable for amounts payable.

During 2018, the City entered into a loan agreement with the Ohio Department of Transportation (ODOT) for the repair of streets, walkways, utilities, and retaining walls damaged by a landslide. In the event of default, as defined by the debt agreement, the amounts payable by the City may become due. If payments are not made, the City will be liable for all reasonable attorney fees and expenses that ODOT may incur while attempting to collect amounts due.

During 2019, the City entered into a loan agreement with KS State Bank for the purchase of a street sweeper to be used by the street and sewer departments. In the event of default, as defined by the debt agreement, the amounts payable by the City may become due. If payments are not made, the bank may retake possession of the ambulance and equipment and hold the City liable for amounts payable.

Business-Type Activities:

Direct Borrowings

During 2018, the City entered into a loan agreement with KS State Bank for the purchase of a garbage truck. The loan will be repaid from the sanitation fund.

During 2018, the City entered into a loan agreement with KS State Bank for the purchase of a Vacall sewer truck. The loan will be repaid from the sewer fund.

During 2023, the City entered into a loan agreement with Unified Bank for the purchase of a Packer to be used by the Sanitation. In the event of default, as defined by the debt agreement, the amounts payable by the City may become due. If payments are not made, the bank may retake possession equipment and hold the City liable for amounts payable.

There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer, and sanitation funds. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

The OWDA loan for the Cemetery Road sewer replacement will be paid from the sewer fund. All governmental OPWC loans will be paid from the general and state highway funds. All other OWDA and business-type OPWC loans will be paid from the water fund. The USDA equipment loan will be repaid from the fire and ambulance, water and sanitation funds. The USDA building loan will be repaid from the general, sewer and sanitation funds. The police and fire pension liability will be paid from general property tax revenues. The capital leases will be paid from the general, fire apparatus III, fire apparatus IV, sanitation and water funds. The Fire Truck Acquisition bond will be repaid from the fire apparatus V and fire apparatus III funds. The ODOT loan will be repaid from the general fund. The packer loan will be repaid from the sanitation fund. The Vacall loan will be repaid from the sewer fund. The street sweeper loan will be repaid from the general and sewer funds. The storm sewer improvement camera system bond will be repaid from the sewer fund. Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds typically include general, street, water, and sewer. The City pays obligations related to employee compensation from the fund benefitting from their service.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the City to pay the amounts due from funds appropriated to the City's street and water funds. The lender will also be entitled to collect any cost incurred in the event of default.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the City to pay any fines or penalties incurred with interest.

Principal and interest requirements to retire governmental activities debt at December 31, 2024 are as follows:

Year	Police and Fire Pension			USDA Loans		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 7,642	\$ 4,095	\$ 11,737	\$ 5,465	\$ 4,730	\$ 10,195
2026	7,970	3,767	11,737	5,622	4,573	10,195
2027	8,312	3,424	11,736	5,783	4,412	10,195
2028	8,670	3,067	11,737	5,950	4,257	10,207
2029	9,041	2,695	11,736	6,121	4,074	10,195
2030 - 2034	51,378	7,306	58,684	33,348	17,637	50,985
2035 - 2039	5,229	111	5,340	38,426	12,559	50,985
2040 - 2044	-	-	-	44,275	6,708	50,983
2045 - 2046	-	-	-	19,546	847	20,393
	<u>\$ 98,242</u>	<u>\$ 24,465</u>	<u>\$ 122,707</u>	<u>\$ 164,536</u>	<u>\$ 59,797</u>	<u>\$ 224,333</u>

Year	Street Sweeper Loan			Street Improvements Bond		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 14,900	\$ 578	\$ 15,478	\$ 41,607	\$ 51,090	\$ 92,697
2026	-	-	-	43,501	49,196	92,697
2027	-	-	-	45,481	47,216	92,697
2028	-	-	-	47,428	45,269	92,697
2029	-	-	-	49,711	42,986	92,697
2030 - 2034	-	-	-	284,523	178,961	463,484
2035 - 2039	-	-	-	355,487	107,998	463,485
2040 - 2042	-	-	-	254,538	23,552	278,090
	<u>\$ 14,900</u>	<u>\$ 578</u>	<u>\$ 15,478</u>	<u>\$ 1,122,276</u>	<u>\$ 546,268</u>	<u>\$ 1,668,544</u>

Year	ODOT-SIB		OPWC Loans		Leases Payable	
	Principal	Interest	Principal	Principal	Interest	Total
2025	\$ 14,609	\$ 7,066	\$ 15,515	\$ 59,185	\$ 7,203	\$ 66,388
2026	15,051	6,624	5,728	52,818	4,660	57,478
2027	15,505	6,170	-	23,880	2,329	26,209
2028	15,974	5,701	-	19,667	1,119	20,786
2029	16,457	5,218	-	7,622	206	7,828
2030 - 2034	90,053	18,322	-	-	-	-
2035 - 2038	71,508	4,354	-	-	-	-
	<u>\$ 239,157</u>	<u>\$ 53,455</u>	<u>\$ 21,243</u>	<u>\$ 163,172</u>	<u>\$ 15,517</u>	<u>\$ 178,689</u>

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future water revenue, sewer revenue and sanitation revenue, net of specified operating expenses to repay \$3,389,085 of Ohio Public Works Commission (OPWC), Ohio Water Development Authority (OWDA) and U.S. Department of Agriculture (USDA) loans. Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 19.7 percent in 2024. The total principal and interest remaining to be paid on the loans is 4,037,047. Principal and interest paid for the current year and total net revenues were \$443,453 and \$706,455, respectively.

Principal and interest requirements to retire business-type activities debt at December 31, 2024 are as follows:

Year	OWDA Loans			OPWC Loans		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 121,301	\$ 46,776	\$ 168,077	\$ 45,409	\$ 827	\$ 46,236
2026	123,406	44,671	168,077	45,707	827	46,534
2027	125,550	42,527	168,077	38,314	1,838	40,152
2028	127,733	40,344	168,077	24,771	-	24,771
2029	129,954	38,123	168,077	18,980	-	18,980
2030 - 2034	684,486	155,899	840,385	37,960	-	37,960
2035 - 2039	701,654	95,622	797,276	-	-	-
2040 - 2044	612,774	38,346	651,120	-	-	-
2045 - 2046	167,170	2,630	169,800	-	-	-
	<u>\$ 2,794,028</u>	<u>\$ 504,938</u>	<u>\$ 3,298,966</u>	<u>\$ 211,141</u>	<u>\$ 3,492</u>	<u>\$ 214,633</u>

Year	USDA Loan			Unified Bank-Packer		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 12,752	\$ 11,038	\$ 23,790	\$ 37,193	\$ 9,583	\$ 46,776
2026	13,118	10,670	23,788	39,387	7,389	46,776
2027	13,494	10,294	23,788	41,711	5,066	46,777
2028	13,885	9,934	23,819	44,164	2,612	46,776
2029	14,283	9,506	23,789	-	-	-
2030 - 2034	77,817	41,156	118,973	-	-	-
2035 - 2039	89,661	29,304	118,965	-	-	-
2040 - 2044	103,313	15,652	118,965	-	-	-
2045 - 2046	45,593	1,978	47,571	-	-	-
	<u>\$ 383,916</u>	<u>\$ 139,532</u>	<u>\$ 523,448</u>	<u>\$ 162,455</u>	<u>\$ 24,650</u>	<u>\$ 187,105</u>

Year	Street Sweeper			KS State Bank-Vacall		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 22,348	\$ 867	\$ 23,215	\$ 45,927	\$ 1,585	\$ 47,512

Year	Leases Payable		
	Principal	Interest	Total
2025	\$ 4,966	\$ 44	\$ 5,010

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

Leases Payable

The City has outstanding agreements to lease vehicles. Due to the implementation of GASB Statement No. 87, these leases have met the criteria of leases thus requiring them to be recorded by the City. The future lease payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the shorter of the estimated useful life of the asset or the lease term.

NOTE 15 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation and sick leave at different rates depending upon length of service and type of employment. Vacation Leave allows each employee to carry over or cash out up to 80 hours of unused time each year. Anything over 80 will be lost unless prior approval is obtained from department head. Personal Leave allows each employee to earn 40 hours of Personal time to be used throughout the year. At the end of the year any remaining will be cashed out on the first check in January. Upon retirement or death, employees are paid to a maximum of 840 hours for accumulated unused sick leave. Police are paid upon retirement and completion of twenty-five years of service. Police receive payment for a maximum of 600 hours.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. Belmont Metropolitan Housing Authority

Belmont Metropolitan Housing Authority is a non-profit organization established to provide adequate public housing for low income individuals and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a five member board of commissioners. Two members are appointed by the Mayor of Martins Ferry, one member is appointed by the Belmont County Commissioners, one member is appointed by the judge of the probate court, and one member is appointed by the judge of the court of common pleas. The City did not contribute any amounts to the Authority during 2024. The continued existence of the Authority is not dependent on the City's continued participation and no equity interest exists. The Authority has no outstanding debt for which the City is responsible.

B. Eastern Ohio Regional Transit Authority

Eastern Ohio Regional Transit Authority was established to provide transportation to the residents of the Ohio Valley and is statutorily created as a separate and distinct political subdivision of the State. The Authority is operated by a board of directors that is appointed by the nine Mayors of the municipalities served by the Authority. The City did not contribute any amounts to the Authority during 2024. The continued existence of the Authority is not dependent on the City's continued participation and no equity interest exists. The Authority has no outstanding debt for which the City is responsible.

C. Ohio Mid-Eastern Governments Association (OMEGA)

Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of Martins Ferry serves as the City's representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays a per capita membership fee based upon the most recent United States census. The continued existence of OMEGA is not dependent on the City's continued participation and no equity interest exists. OMEGA has no outstanding debt.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

D. Jefferson-Belmont Joint Solid Waste Authority

Jefferson-Belmont Joint Solid Waste Authority is established by state statutes and is operated to provide solid waste services to Jefferson and Belmont counties. The Authority is governed by a fourteen member board of directors of which the Mayor of the City of Martins Ferry is a member. The Authority is not dependent on the City of Martins Ferry for its continued existence, no debt exists, and the City does not maintain an equity interest. The City does not make any monetary contributions to the Authority.

E. Belmont County Sewer Authority

Belmont County Sewer Authority is established by Ohio Revised Code Section 6119, serving the municipalities of Bellaire, Brookside, and Martins Ferry. The Authority is operated by a four member Board of Trustees. One member of the Board is appointed by the Mayor of Martins Ferry. The Authority is not dependent on the City of Martins Ferry for its continued existence and the City does not maintain an equity interest. The City does not make any monetary contributions to the Authority.

F. Bel-O-Mar Regional Council

Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the City of Martins Ferry serves as the City's representative on the board. The Council is not dependent upon the City for its continued existence, no debt exists, and the City does not maintain an equity interest. During 2024, the City did not contribute any amounts to the Council.

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CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 17 - FUND BALANCE

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

Fund balance	General	Street Maintenance and Repair	Fire and Ambulance	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	\$ -	\$ 11,250	\$ -	\$ -	\$ 11,250
Endowment	-	-	-	185,947	185,947
Prepays	1,326	319	341	711	2,697
Total nonspendable	<u>1,326</u>	<u>11,569</u>	<u>341</u>	<u>186,658</u>	<u>199,894</u>
Restricted:					
Street, Highway, City Improvements	-	386,917	-	112,830	499,747
Public Safety/Law Enforcement	-	-	-	225,369	225,369
Community Development	-	-	-	74,719	74,719
Permanent Improvement	-	-	-	15,680	15,680
Recreation	-	-	-	47,034	47,034
Capital Outlay	-	-	-	182,596	182,596
Other Purposes	-	-	-	254,908	254,908
Total Restricted	<u>-</u>	<u>386,917</u>	<u>-</u>	<u>913,136</u>	<u>1,300,053</u>
Committed:					
Public Safety/Law Enforcement	56,349	-	192,977	8,753	258,079
Total Committed	<u>56,349</u>	<u>-</u>	<u>192,977</u>	<u>8,753</u>	<u>258,079</u>
Assigned:					
Encumbrances:					
General Government	30,219	-	-	-	30,219
Security of Persons and Property	6,070	-	-	-	6,070
Subsequent year appropriations	146,720	-	-	-	146,720
Total assigned	<u>183,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,009</u>
Unassigned	<u>744,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>744,632</u>
Total fund balances	<u>\$ 985,316</u>	<u>\$ 398,486</u>	<u>\$ 193,318</u>	<u>\$ 1,108,547</u>	<u>\$ 2,685,667</u>

CITY OF MARTINS FERRY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 18 - SIGNIFICANT COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 48,072
Street Maintenance and Repair	18,676
Fire and Ambulance	7,557
Nonmajor Governmental Funds	<u>33,472</u>
Total	<u>\$ 107,777</u>

NOTE 19 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with 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 effect on the overall financial position of the City at December 31, 2024.

B. Litigation

The City is party to various legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings do not normally have a material effect, if any, on the financial condition of the City.

NOTE 20 - NOTES PAYABLE

On December 17, 2024, the City issued Bond Anticipation Notes in the amount of \$5,500,000 to pay part of the costs of water well upgrades, water plan upgrades, pumping station upgrades, and other related costs and improvements. The Notes carry an interest rate of 4.25% and mature on December 16, 2025. The principal and interest payment at maturity will be paid from the water fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARTINS FERRY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary	Final Budget -
			Basis	Over (Under)
				Actual Amounts
Budgetary revenues:				
Income taxes	\$ 1,223,988	\$ 1,322,103	\$ 1,416,376	\$ 94,273
Property taxes	190,922	206,226	205,665	(561)
Charges for services	351,040	379,179	379,121	(58)
Fees, licenses and permits	77,072	83,250	83,066	(184)
Fines, forfeitures and settlements	56,605	61,143	65,392	4,249
Intergovernmental	277,494	299,738	307,198	7,460
Investment income	81,423	87,950	104,622	16,672
Rental income	4,444	4,800	6,000	1,200
Contributions and donations	7,568	8,175	6,700	(1,475)
Oil and gas lease	36,911	39,870	39,717	(153)
Other	187,533	202,566	208,529	5,963
Total revenues	<u>2,495,000</u>	<u>2,695,000</u>	<u>2,822,386</u>	<u>127,386</u>
Budgetary expenditures:				
Current:				
General government	936,206	1,001,861	971,166	(30,695)
Security of persons and property	1,599,850	1,557,150	1,525,545	(31,605)
Public health and welfare	11,620	11,620	11,201	(419)
Capital outlay	13,500	37,750	37,697	(53)
Total budgetary expenditures	<u>2,561,176</u>	<u>2,608,381</u>	<u>2,545,609</u>	<u>(62,772)</u>
Budgetary excess (deficiency) of revenues over (under) expenditures	<u>(66,176)</u>	<u>86,619</u>	<u>276,777</u>	<u>190,158</u>
Budgetary other financing sources (uses):				
Proceeds from sale of assets	5,000	5,000	5,000	-
Transfers (out)	<u>(48,800)</u>	<u>(38,800)</u>	<u>(37,345)</u>	<u>1,455</u>
Total budgetary other financing sources (uses)	<u>(43,800)</u>	<u>(33,800)</u>	<u>(32,345)</u>	<u>1,455</u>
Net change in fund balance	(109,976)	52,819	244,432	191,613
Budgetary fund balances at beginning of year	410,248	410,248	410,248	-
Prior year encumbrances appropriated	31,166	31,166	31,166	-
Budgetary fund balances at end of year	<u>\$ 331,438</u>	<u>\$ 494,233</u>	<u>\$ 685,846</u>	<u>\$ 191,613</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARTINS FERRY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget -</u>
			<u>Basis</u>	<u>Over (Under)</u>
				<u>Actual Amounts</u>
Budgetary revenues:				
Income taxes	\$ 238,700	\$ 238,700	\$ 244,895	\$ 6,195
Intergovernmental	459,296	459,296	442,810	(16,486)
Investment income	12,210	12,210	12,050	(160)
Other	11,994	11,994	12,180	186
Total budgetary revenues	<u>722,200</u>	<u>722,200</u>	<u>711,935</u>	<u>(10,265)</u>
Budgetary expenditures:				
Current:				
Transportation	673,702	651,202	627,455	(23,747)
Capital outlay	8,245	25,245	25,104	(141)
Debt service:				
Principal retirement	116,734	91,134	90,662	(472)
Interest and fiscal charges	13,940	13,940	13,925	(15)
Total budgetary expenditures	<u>812,621</u>	<u>781,521</u>	<u>757,146</u>	<u>(24,375)</u>
Budgetary excess (deficiency) of revenues over (under) expenditures	<u>(90,421)</u>	<u>(59,321)</u>	<u>(45,211)</u>	<u>14,110</u>
Budgetary other financing sources (uses):				
Advances (out)	(4,549)	(4,550)	(4,548)	2
Transfers in	7,800	7,800	7,345	(455)
Total budgetary other financing sources (uses)	<u>3,251</u>	<u>3,250</u>	<u>2,797</u>	<u>(453)</u>
Net change in fund balance	(87,170)	(56,071)	(42,414)	13,657
Budgetary fund balances at beginning of year	211,446	211,446	211,446	-
Prior year encumbrances appropriated	47,002	47,002	47,002	-
Budgetary fund balances at end of year	<u>\$ 171,278</u>	<u>\$ 202,377</u>	<u>\$ 216,034</u>	<u>\$ 13,657</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARTINS FERRY, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE AND AMBULANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget -</u>
			<u>Basis</u>	<u>Over (Under)</u>
				<u>Actual Amounts</u>
Budgetary revenues:				
Charges for services	\$ 601,902	\$ 692,665	\$ 701,479	\$ 8,814
Rental income	10,428	12,000	12,000	-
Other	17,670	20,335	23,514	3,179
Total budgetary revenues	<u>630,000</u>	<u>725,000</u>	<u>736,993</u>	<u>11,993</u>
Budgetary expenditures:				
Current:				
Security of persons and property	693,358	654,947	631,256	(23,691)
Debt service:				
Principal retirement	18,100	25,111	24,933	(178)
Total budgetary expenditures	<u>711,458</u>	<u>680,058</u>	<u>656,189</u>	<u>(23,869)</u>
Net change in fund balance	(81,458)	44,942	80,804	35,862
Budgetary fund balances at beginning of year	73,945	73,945	73,945	-
Prior year encumbrances appropriated	13,452	13,452	13,452	-
Budgetary fund balances at end of year	<u>\$ 5,939</u>	<u>\$ 132,339</u>	<u>\$ 168,201</u>	<u>\$ 35,862</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARTINS FERRY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.019062000%	\$ 4,990,510	\$ 3,214,171	155.27%	79.01%
2023	0.020346000%	6,010,217	3,093,150	194.31%	75.74%
2022	0.019298000%	1,679,005	2,753,950	60.97%	92.62%
2021	0.019297000%	2,857,446	2,717,836	105.14%	86.88%
2020	0.018955000%	3,746,584	2,666,950	140.48%	82.17%
2019	0.018819000%	5,154,143	2,541,836	202.77%	74.70%
2018	0.018872000%	2,960,574	2,493,893	118.71%	84.66%
2017	0.019305000%	4,383,822	2,495,558	175.67%	77.25%
2016	0.020403000%	3,534,057	2,539,275	139.18%	81.08%
2015	0.020679000%	2,494,119	2,535,233	98.38%	86.45%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 477,158	\$ (477,158)	\$ -	\$ 3,408,271	14.00%
2023	449,984	(449,984)	-	3,214,171	14.00%
2022	433,041	(433,041)	-	3,093,150	14.00%
2021	385,553	(385,553)	-	2,753,950	14.00%
2020	380,497	(380,497)	-	2,717,836	14.00%
2019	373,373	(373,373)	-	2,666,950	14.00%
2018	355,857	(355,857)	-	2,541,836	14.00%
2017	324,206	(324,206)	-	2,493,892	13.00%
2016	299,467	(299,467)	-	2,495,558	12.00%
2015	304,713	(304,713)	-	2,539,275	12.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARTINS FERRY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.025061500%	\$ 2,421,287	\$ 835,763	289.71%	63.63%
2023	0.029772000%	2,828,032	911,856	310.14%	62.90%
2022	0.030367000%	1,897,151	983,467	192.90%	75.03%
2021	0.031042000%	2,116,147	849,166	249.20%	70.65%
2020	0.032719000%	2,204,147	854,354	257.99%	69.89%
2019	0.031053000%	2,534,745	775,379	326.90%	63.07%
2018	0.030642000%	1,880,663	743,692	252.88%	70.91%
2017	0.029703000%	1,881,370	709,605	265.13%	68.36%
2016	0.029764000%	1,914,739	672,031	284.92%	66.77%
2015	0.030339000%	1,571,702	666,532	235.80%	71.71%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 131,747	\$ (131,747)	\$ -	\$ 693,405	19.00%
2023	158,795	(158,795)	-	835,763	19.00%
2022	173,253	(173,253)	-	911,858	19.00%
2021	186,859	(186,859)	-	983,468	19.00%
2020	161,341	(161,341)	-	849,163	19.00%
2019	162,327	(162,327)	-	854,353	19.00%
2018	147,322	(147,322)	-	775,379	19.00%
2017	141,302	(141,302)	-	743,695	19.00%
2016	134,825	(134,825)	-	709,605	19.00%
2015	127,686	(127,686)	-	672,032	19.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARTINS FERRY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT AND NINE FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.018293000%	\$ (165,100)	\$ 3,214,171	5.14%	107.76%
2023	0.019503000%	122,970	3,093,150	3.98%	94.79%
2022	0.014884000%	(466,190)	2,753,950	16.93%	128.23%
2021	0.018515000%	(329,860)	2,717,836	12.14%	115.57%
2020	0.018122000%	2,503,119	2,666,950	93.86%	47.80%
2019	0.017955000%	2,340,908	2,541,836	92.10%	46.33%
2018	0.018036000%	1,958,606	2,493,893	78.54%	54.14%
2017	0.018485000%	1,867,048	2,495,558	74.81%	54.05%

Fiscal Year (2)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 3,838,136	0.00%
2023	-	-	-	3,570,736	0.00%
2022	-	-	-	3,401,981	0.00%
2021	-	-	-	2,968,321	0.00%
2020	-	-	-	2,930,562	0.00%
2019	-	-	-	2,909,483	0.00%
2018	-	-	-	2,807,763	0.00%
2017	24,939	(24,939)	-	2,743,160	0.91%
2016	49,911	(49,911)	-	2,688,150	1.86%

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

(2) Information prior to 2017 (2016 for contributions) is not available. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARTINS FERRY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.025061500%	\$ 182,982	\$ 835,763	21.89%	51.89%
2023	0.029772000%	211,967	911,856	23.25%	52.59%
2022	0.030367000%	332,850	983,467	33.84%	46.86%
2021	0.031042000%	328,893	849,166	38.73%	45.42%
2020	0.032719000%	323,192	854,354	37.83%	47.08%
2019	0.031053000%	282,785	775,379	36.47%	46.57%
2018	0.030642000%	1,736,161	743,692	233.45%	14.13%
2017	0.029703000%	1,409,935	709,605	198.69%	15.96%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 3,467	\$ (3,467)	\$ -	\$ 693,405	0.50%
2023	4,179	(4,179)	-	835,763	0.50%
2022	4,559	(4,559)	-	911,858	0.50%
2021	4,917	(4,917)	-	983,468	0.50%
2020	4,246	(4,246)	-	849,163	0.50%
2019	4,272	(4,272)	-	854,353	0.50%
2018	3,877	(3,877)	-	775,379	0.50%
2017	3,718	(3,718)	-	743,695	0.50%
2016	3,548	(3,548)	-	709,605	0.50%
2015	3,360	(3,360)	-	672,032	0.50%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MARTINS FERRY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General</u>	<u>Street Maintenance and Repair</u>	<u>Fire and Ambulance</u>
Budget basis	\$ 244,432	\$ (42,414)	\$ 80,804
Net adjustment for revenue accruals	18,742	131,662	(32,877)
Net adjustment for expenditure accruals	3,361	(25,576)	(6,890)
Net adjustment for other sources/uses	-	4,548	-
Funds budgeted elsewhere	(163,015)	-	-
Adjustments for encumbrances	<u>39,056</u>	<u>19,580</u>	<u>7,825</u>
GAAP Basis	<u>\$ 142,576</u>	<u>\$ 87,800</u>	<u>\$ 48,862</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

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

- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Changes in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.
- There were no changes in assumptions for 2024.
-

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

CITY OF MARTINS FERRY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

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

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

CITY OF MARTINS FERRY, OHIO

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) investment rate of return was reduced from 8.25% to 8.00%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66% and (b) the municipal bond rate was increased from 3.16% to 4.13%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56% and (b) the municipal bond rate was decreased from 4.13% to 2.75%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96% and (b) the municipal bond rate was decreased from 2.75% to 2.12%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50%, (b) the discount rate was changed from 2.96% to 2.84% and (c) the municipal bond rate was decreased from 2.12% to 2.05%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the municipal bond rate was increased from 2.05% to 3.65%.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed to 4.07% and (b) and the municipal bond rate was changed to 3.38%.

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

City of Martins Ferry
Belmont County
35 South 5th Street
P.O. Box 386
Martins Ferry, Ohio 43935

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Martins Ferry**, Belmont County, (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 24, 2025, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and the Street Paving Fund was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink, reading "Perry & Associates CPAs A.C.", enclosed within a thin black rectangular border.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

July 24, 2025

.....

P O BOX 386
MARTINS FERRY, OHIO 43935
PHONE: 740-633-9462 EXT. 1
FAX: 740-635-6027

CITY OF MARTINS FERRY - AUDITOR'S OFFICE

CITY OF MARTINS FERRY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Material Weakness – Budgetary Monitoring	Corrected.	



OHIO AUDITOR OF STATE KEITH FABER



CITY OF MARTINS FERRY

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 12/18/2025

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

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