



OHIO AUDITOR OF STATE
KEITH FABER



**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY
JUNE 30, 2024**

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JEFFERSON COUNTY
JUNE 30, 2024**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Steubenville City School District
Jefferson County
611 North 4th Street
Steubenville, Ohio 43952

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Steubenville City School District, Jefferson County, Ohio (the School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Steubenville City School District, Jefferson County, Ohio as of June 30, 2024, and the respective changes in financial position thereof and the cash flows, where applicable, and the respective budgetary comparisons for the General and Lunchroom funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Efficient • Effective • Transparent

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2025, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2025

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Steubenville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The discussion and analysis of the Steubenville City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2024 are as follows:

- Net position of governmental activities increased \$6,522,573.
- The School District had capital asset additions of more than \$10 million during fiscal year 2024, as the construction in progress for the STEM Building was nearly completed and other improvements were made to existing facilities.
- Investment earnings more than doubled from the prior year due to increases in interest rates.
- The School District had an additional \$4.1 of program revenues from Elementary and Secondary School Emergency Relief (ESSER) Funds, nearly all of which was used to support the construction of the STEM Building. The School District has used nearly all of its ESSER allocations, resulting in a decrease in intergovernmental receivables from the prior year.
- Program expenses of governmental activities increased from the prior year predominately due to wages and benefits. The School District had an extra payroll accrued related to the timing of pay dates within a contract year compared to the prior year. Additionally, the School District did not utilize any healthcare moratoriums during fiscal year 2024 as it had in the prior year.

Using this Annual Financial Report

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

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

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Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District's activities are all considered to be Governmental Activities which include instruction, support services, operation of non-instructional services, debt service operations, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Permanent Improvement Capital Projects Fund and the Lunchroom Fund.

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

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Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2024 as compared to 2023.

Table 1
Net Position

	2024	2023	Change
Assets			
Current and Other Assets	\$25,961,233	\$28,030,586	(\$2,069,353)
Net OPEB Asset	1,899,601	2,482,729	(583,128)
Capital Assets	65,900,796	57,756,238	8,144,558
Total Assets	93,761,630	88,269,553	5,492,077
Deferred Outflow of Resources			
Pension	5,694,502	6,722,034	(1,027,532)
OPEB	872,146	584,972	287,174
Total Deferred Outflows of Resources	6,566,648	7,307,006	(740,358)
Liabilities			
Current and Other Liabilities	6,033,425	5,103,240	930,185
Long-Term Liabilities:			
Due Within One Year	542,479	535,886	6,593
Due in More Than One Year			
Net Pension Liability	25,165,061	25,401,513	(236,452)
Net OPEB Liability	1,256,214	1,078,771	177,443
Other Amounts	6,037,671	6,333,312	(295,641)
Total Liabilities	39,034,850	38,452,722	582,128
Deferred Inflows of Resources			
Property Taxes	3,529,701	4,270,337	(740,636)
Payment in Lieu of Taxes	28,704	28,704	0
Pension	1,857,506	2,746,651	(889,145)
OPEB	2,764,799	3,488,000	(723,201)
Total Deferred Inflows of Resources	8,180,710	10,533,692	(2,352,982)
Net Position			
Net Investment in Capital Assets	60,057,226	54,259,848	5,797,378
Restricted	16,385,244	8,440,523	7,944,721
Unrestricted (Deficit)	(23,329,752)	(16,110,226)	(7,219,526)
Total Net Position	\$53,112,718	\$46,590,145	\$6,522,573

The net pension liability is the largest liability reported by the School District at June 30, 2024. 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 pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and

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approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets increased \$5,492,077. Capital assets increased due primarily to ongoing construction in progress, as the new STEM Building nears completion. Current and other assets decreased due to reduced equity in pooled cash and cash equivalents, as the School District spent the \$3,000,000 proceeds in the Building Fund related to a financed purchase arrangement to assist in funding the construction of the previously addressed STEM Building. Intergovernmental receivables, predominately for ESSER funding of the STEM Building also contributed to the decrease in current and other assets. The School District also reflects an OPEB asset in the amount of \$1,899,601, a decrease of \$583,128 from the prior year.

Total liabilities increased \$582,128. Current and other liabilities increased primarily due to the return of health insurance premiums for the months of July and August as the School District ended the moratoria that it had previously participated in the prior two fiscal years, and increases in accrued wages related to the timing of contract pay dates earned but not yet paid. Together, contracts payable and retainage payable decreased compared to the prior year as construction projects were nearing completion. Decreases in unearned revenue for advance funded reimbursable grants also were able to partially offset the increase in current and other liabilities. The total components of long-term liabilities decreased \$348,057 due to decreases in the net pension liability and annual debt service on outstanding obligations. The net pension liability, as noted previously in this Discussion and Analysis, reflects the School District's proportionate share of the respective pension systems' unfunded liabilities. The annual changes in the liability are impacted by changes or difference in assumptions, experience, investment returns, and even the School District's annually determined proportionate share. More information on the net pension liability and the net OPEB asset/liability can be found in Notes 12 and 13.

In order to further understand what makes up the changes in net position for the current fiscal year, the following table gives the readers further details regarding the results of activities for 2024 and 2023.

Steubenville City School District
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For the Fiscal Year Ended June 30, 2024
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Table 2 - Changes in Net Position

	2024	2023	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,045,995	\$809,398	\$236,597
Operating Grants and Contributions	10,640,024	10,393,811	246,213
Capital Grants and Contributions	4,132,835	7,058,629	(2,925,794)
Total Program Revenues	15,818,854	18,261,838	(2,442,984)
General Revenues			
Property Taxes	5,356,480	4,490,898	865,582
Revenue in Lieu of Taxes	28,704	28,704	0
Grants and Entitlements not Restricted to Specific Programs	22,992,014	20,253,914	2,738,100
Others	1,404,679	1,224,112	180,567
Total General Revenues	29,781,877	25,997,628	3,784,249
Total Revenues	\$45,600,731	\$44,259,466	\$1,341,265
Program Expenses			
Instruction			
Regular	17,316,313	15,123,430	2,192,883
Special	3,766,349	3,876,051	(109,702)
Vocational	1,448,083	844,597	603,486
Support Services			
Pupil	1,549,167	1,377,165	172,002
Instructional Staff	1,037,322	770,782	266,540
Board of Education	95,581	162,569	(66,988)
Administration	3,001,883	2,792,665	209,218
Fiscal	639,652	487,439	152,213
Business	303,258	281,903	21,355
Operation and Maintenance of Plant	4,840,516	3,848,993	991,523
Pupil Transportation	508,575	374,593	133,982
Central	102,961	166,913	(63,952)
Operation of Non-Instructional Services	814,855	932,869	(118,014)
Food Service Operations	2,026,600	1,811,905	214,695
Extracurricular Activities	1,513,600	1,359,163	154,437
Interest	113,443	62,306	51,137
Total Expenses	39,078,158	34,273,343	4,804,815
Change in Net Position	6,522,573	9,986,123	(3,463,550)
Net Position Beginning of Year	46,590,145	36,604,022	9,986,123
Net Position End of Year	<u><u>\$53,112,718</u></u>	<u><u>\$46,590,145</u></u>	<u><u>\$6,522,573</u></u>

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Grants (unrestricted and program specific) make up the overwhelming majority of total revenues for the School District. Program revenues for capital grants and contributions decreased due to a decrease in ESSER funding drawn in support of the new STEM Building, as the School District has used nearly all of its allocation. Decreases in ESSER funds used for operating expenses also decreased from fiscal year 2023. The School District was able to offset the decrease with increases in State Funding for specific programs as well as increases in other Federal grants. Grants and entitlements not restricted to specific programs represents the majority of State Foundation Funding, which increased related to the new Funding Model.

The increase in property taxes is due to increases in the amount available as an advance at June 30, 2024.

Instructional programs make up the majority of total governmental program expenses and reflect an increase from fiscal year 2023. Overall, total program expenses of the School District increased as well. These increases are primarily due to wages and benefits related accrued wages and benefits addressed previously in this Discussion and Analysis.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2024 compared to fiscal year 2023. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction				
Regular	\$17,316,313	\$15,123,430	\$10,989,318	\$12,234,321
Special	3,766,349	3,876,051	513,093	1,432,298
Vocational	1,448,083	844,597	756,541	212,723
Support Services				
Pupil	1,549,167	1,377,165	1,164,824	990,665
Instructional Staff	1,037,322	770,782	902,792	536,946
Board of Education	95,581	162,569	95,581	162,569
Administration	3,001,883	2,792,665	2,742,614	2,520,036
Fiscal	639,652	487,439	613,908	461,545
Business	303,258	281,903	303,258	281,903
Operation and Maintenance of Plant	4,840,516	3,848,993	4,485,213	(3,409,167)
Pupil Transportation	508,575	374,593	441,503	311,841
Central	102,961	166,913	102,961	166,913
Operation of Non-Instructional Services	814,855	932,869	(55,799)	205,564
Food Service Operations	2,026,600	1,811,905	(652,613)	(855,983)
Extracurricular Activities	1,513,600	1,359,163	742,667	697,025
Interest	113,443	62,306	113,443	62,306
Total Expenses	\$39,078,158	\$34,273,343	\$23,259,304	\$16,011,505

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 60 percent of program expenses are supported through taxes and other general revenues.

Steubenville City School District
Management's Discussion and Analysis
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The School District Funds

Information about the School District funds starts on page 16. The School District reports three major funds, the General Fund, the Lunchroom Special Revenue Fund, and the Permanent Improvement Capital Projects Fund. In the prior year, the School District's major funds had included the Elementary and Secondary School Emergency Relief Special Revenue Fund and the Building Capital Projects Fund; these funds no longer meet the quantitative thresholds for major determination, mainly due to the temporary nature of the funding sources which had been the basis for the funds' establishment.

The General Fund's balance declined significantly, ending fiscal year 2024 with a deficit. The decrease is due primarily to a transfer of \$6,600,000 to the Permanent Improvement Fund in anticipation of future significant capital asset acquisitions. Additionally, the General Fund's share of STEM Building Project costs increased as grant and financing sources from the prior years have been exhausted. The School District will monitor spending in order to alleviate the fund's deficit and return it to a point of fiscal stability.

The Lunchroom Special Revenue Fund is a previously existing fund, but a newly major fund for fiscal year 2024 presentation, which accounts for the School District's food service operations. The Lunchroom Fund is primarily funded through the National School Lunch Program. The increase in fund balance is consistent with the increase from the prior year as additional investment earnings were able to partially offset increases in costs of operations.

The Permanent Improvement Capital Project Fund's balance increased significantly due to the previously addressed transfer from the General Fund. The Permanent Improvement Fund also received a transfer from the Debt Service Fund, of its residual balance upon retirement of the 2011 Refunding Bonds in the prior fiscal year. The Fund's balance is being increased to pursue capital acquisitions as they become prudent.

Overall, total fund balance of all governmental funds decreased during fiscal year 2024 as existing cash balances and available grant resources continue to be used for construction of the STEM Building.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2024 the School District amended its General Fund appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The changes between the original and the final budget reflect increases in intergovernmental revenues and a decrease in tuition and fees, as well as increases in regular instruction and operation of maintenance of plant expenditure functions, and decreases in special instruction, instruction staff and administration expenditures. Actual revenues were less than estimated as tuition and fees and property taxes were less than anticipated. The actual results of operations were not significantly different than the budgeted amounts for expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the School District had \$65,900,796 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Significant capital asset additions during the fiscal year include ongoing construction in progress for the STEM Building as the project was almost fully completed as of June 30, 2024. Increases in buildings and improvements related to safety and

Steubenville City School District
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heating upgrades to existing facilities. The School District had increases in furniture and equipment related to items to be used in the STEM Building upon its completion. See Note 10 for more detailed information of the School District's capital assets.

Debt

As of June 30, 2024, the School District had \$4,897,251 in bonds outstanding, and financed purchases. There were no significant changes to the School District's debt, only annual debt service payments. See Note 15 for more information regarding the School District's debt and other long-term obligations, including compensated absences and net pension/OPEB liability.

Economic Factors

The current economic recovery began in the fall of 2020 and remains robust through this forecast date. However, recent Federal Reserve Bank interest rate cuts foretell of a possible recession in the next six to twelve months from this forecast. The persistently high inflation that has impacted our state, country, and broader globalized economy has slowed to an annualized rate of 2.53 percent in August 2024 that is down from the 40-year high of 9.1 percent annualized rate posted in June 2022. Costs for goods and services in fiscal year 2023 and fiscal year 2024 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Inflation affecting school district costs is expected to continue in fiscal year 2025. There is some good news. The Federal Reserve is projecting inflation to be closer to their target rate of 2 percent by calendar year end 2024 or early in 2025.

The State of Ohio has enjoyed economic growth over the past three years, and the State's Rainy Day Fund balance is at \$3.7 Billion. The new State Funding Formula is in the fourth year of a projected six-year phase-in. While increased inflation has impacted costs across Ohio, the State's economy has grown, and many school districts received new funding in HB33 for fiscal year 2024 and fiscal year 2025. The ongoing growth in Ohio's economy should enable the State to finalize the last two years of the phase-in of the new funding formula in fiscal year 2026 and fiscal year 2027 even if a cyclical recession occurs. Regardless of a recession, the State is well-positioned to continue State aid payments to Ohio's school districts.

Since 2020, all school districts were being aided in varying degrees by three rounds of Federal Elementary and Secondary Schools Emergency Relief Funds (ESSER). The most recent allocation of ESSER funds must be encumbered by September 30, 2024. The loss of these funds in fiscal year 2025 and future years may create a "fiscal cliff" as any ongoing costs will likely be absorbed back into the district General Fund.

Jefferson County went through a reappraisal in Tax Year 2021 and resulted in Class I – Residential/Agricultural values increasing 12.7 percent and no significant change in Class II – Industrial/Commercial values. In Tax Year 2024, the School District will have a full reappraisal, and we are anticipating overall Class I and II values to increase 4.22 percent or \$7.1 million in assessed value. There is a moderate risk values will not increase as expected. Fortunately, only 10 to 12 percent of the School District's revenues come from property tax revenue, therefore this is considered a low risk to the School District's long-range forecast.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Robert Lamantia, Treasurer at Steubenville City School District, 611 N 4th Street, Steubenville, Ohio 43952.

Basic Financial Statements

Steubenville City School District
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$14,897,754
Intergovernmental Receivable	483,727
Accounts Receivable	330,456
Prepaid Items	22,664
Property Taxes Receivable	6,070,671
Revenue in Lieu of Taxes Receivable	28,704
Cash and Cash Equivalents with Fiscal Agents	4,127,257
Net OPEB Asset	1,899,601
Non-Depreciable Capital Assets	23,042,783
Depreciable Capital Assets, Net	42,858,013
Total Assets	93,761,630
Deferred Outflows of Resources	
Pension	5,694,502
OPEB	872,146
Total Deferred Outflows of Resources	6,566,648
Liabilities	
Accounts Payable	180,155
Accrued Wages and Benefits Payable	3,244,713
Contracts Payable	397,627
Retainage Payable	548,692
Vacation Benefits Payable	87,213
Intergovernmental Payable	895,276
Accrued Interest Payable	8,877
Claims Payable	633,439
Unearned Revenue	37,433
Long-Term Liabilities:	
Due Within One Year	542,479
Due In More Than One Year:	
Net Pension Liability	25,165,061
Net OPEB Liability	1,256,214
Other Amounts	6,037,671
Total Liabilities	39,034,850
Deferred Inflows of Resources	
Property Taxes	3,529,701
Payment in Lieu of Taxes	28,704
Pension	1,857,506
OPEB	2,764,799
Total Deferred Inflows of Resources	8,180,710
Net Position	
Net Investment in Capital Assets	60,057,226
Restricted for:	
Capital Outlay	7,714,835
State and Intermediate Programs	79,208
Food Service Operations	3,194,192
Preschool Programs	451,773
Classroom Facilities Maintenance	586,630
Scholarships	1,923,481
Set Asides	85,496
Student Activity	207,475
OPEB	1,899,601
Other Purposes	242,553
Unrestricted (Deficit)	(23,329,752)
Total Net Position	\$53,112,718

See accompanying notes to the basic financial statements

Steubenville City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$17,316,313	\$323,277	\$1,870,883	\$4,132,835	(\$10,989,318)
Special	3,766,349	0	3,253,256	0	(513,093)
Vocational	1,448,083	0	691,542	0	(756,541)
Support Services:					
Pupil	1,549,167	0	384,343	0	(1,164,824)
Instructional Staff	1,037,322	0	134,530	0	(902,792)
Board of Education	95,581	0	0	0	(95,581)
Administration	3,001,883	0	259,269	0	(2,742,614)
Fiscal	639,652	0	25,744	0	(613,908)
Business	303,258	0	0	0	(303,258)
Operation and Maintenance of Plant	4,840,516	20,328	334,975	0	(4,485,213)
Pupil Transportation	508,575	0	67,072	0	(441,503)
Central	102,961	0	0	0	(102,961)
Operation of Non-Instructional Services	814,855	0	870,654	0	55,799
Food Service Operations	2,026,600	0	2,679,213	0	652,613
Extracurricular Activities	1,513,600	702,390	68,543	0	(742,667)
Interest	113,443	0	0	0	(113,443)
Total Governmental Activities	<u>\$39,078,158</u>	<u>\$1,045,995</u>	<u>\$10,640,024</u>	<u>\$4,132,835</u>	<u>(23,259,304)</u>
General Revenues					
					4,548,183
					808,297
					28,704
					22,992,014
					229,401
					860,201
					<u>315,077</u>
					<u>29,781,877</u>
					6,522,573
					<u>46,590,145</u>
					<u><u>\$53,112,718</u></u>

See accompanying notes to the basic financial statements

Steubenville City School District
Balance Sheet
Governmental Funds
June 30, 2024

	General	Lunchroom	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$2,452,672	\$3,241,898	\$7,437,379	\$1,650,406	\$14,782,355
Cash and Cash Equivalents with Fiscal Agents	0	0	0	1,920,274	1,920,274
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	96,047	0	0	0	96,047
Receivables:					
Property Taxes	5,120,365	0	950,306	0	6,070,671
Interfund	29,536	0	0	0	29,536
Intergovernmental	71,799	22,602	0	389,326	483,727
Revenue in Lieu of Taxes	28,704	0	0	0	28,704
Prepaid Items	22,060	604	0	0	22,664
Total Assets	\$7,821,183	\$3,265,104	\$8,387,685	\$3,960,006	\$23,433,978
Liabilities					
Accounts Payable	\$73,248	\$5,321	\$4,995	\$96,591	\$180,155
Accrued Wages and Benefits Payable	2,968,695	25,311	0	250,707	3,244,713
Contracts Payable	0	0	397,627	0	397,627
Retainage Payable	548,692	0	0	0	548,692
Intergovernmental Payable	805,189	24,917	0	65,170	895,276
Unearned Revenue	0	0	0	37,433	37,433
Interfund Payable	0	0	0	29,536	29,536
Total Liabilities	4,395,824	55,549	402,622	479,437	5,333,432
Deferred Inflows of Resources					
Property Taxes	2,861,846	0	667,855	0	3,529,701
Payments in Lieu of Taxes	28,704	0	0	0	28,704
Unavailable Revenue	1,356,141	0	201,083	128,581	1,685,805
Total Deferred Inflows of Resources	4,246,691	0	868,938	128,581	5,244,210
Fund Balances					
Nonspendable:					
Prepaid Items	22,060	604	0	0	22,664
Unclaimed Monies	10,551	0	0	0	10,551
Restricted for:	0				
Capital Outlay	0	0	7,116,125	0	7,116,125
Budget Stabilization	85,496	0	0	0	85,496
State and Intermediate Programs	0	0	0	79,208	79,208
Food Service Operations	0	3,208,951	0	0	3,208,951
Preschool Programs	0	0	0	407,904	407,904
Classroom Facilities Maintenance	0	0	0	586,630	586,630
Other Purposes	0	0	0	232,002	232,002
Student Activity Programs	0	0	0	207,475	207,475
Scholarships	0	0	0	1,923,481	1,923,481
Committed for:					
Capital Projects	525,713	0	0	0	525,713
Unassigned (Deficit)	(1,465,152)	0	0	(84,712)	(1,549,864)
Total Fund Balances	(821,332)	3,209,555	7,116,125	3,351,988	12,856,336
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$7,821,183	\$3,265,104	\$8,387,685	\$3,960,006	\$23,433,978

See accompanying notes to the basic financial statements

Steubenville City School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2024*

Total Governmental Fund Balances			\$12,856,336
<i>Amounts reported for governmental activities in the Statement of Net Position are different because</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			65,900,796
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred inflows in the funds:			
Delinquent Property Taxes	1,491,664		
Intergovernmental	128,581		
Tuition and Fees	65,560		
Total		<u>1,685,805</u>	
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the Statement of Net Position.			1,923,352
Vacation benefits payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources are therefore not reported in the funds.			(87,213)
In the Statement of Activities, interest is accrued on outstanding bonds and notes, whereas in the governmental funds, an interest expenditure is reported when due.			(8,877)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
Qualified Zone Academy Bonds	2,275,000		
Financed Purchases	2,622,251		
Compensated Absences	1,682,899		
Total		<u>(6,580,150)</u>	
The net OPEB asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset, the liability and related deferred inflows/outflows are not reported in the governmental funds:			
Net OPEB Asset	1,899,601		
Deferred Outflows - Pension	5,694,502		
Deferred Outflows - OPEB	872,146		
Net Pension Liability	(25,165,061)		
Net OPEB Liability	(1,256,214)		
Deferred Inflows - Pension	(1,857,506)		
Deferred Inflows - OPEB	(2,764,799)		
Total		<u>(22,577,331)</u>	
<i>Net Position of Governmental Activities</i>			<u><u>\$53,112,718</u></u>

See accompanying notes to the basic financial statements

Steubenville City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Lunchroom	(Formerly Major) Elementary and Secondary School Emergency Relief	Permanent Improvement	(Formerly Major) Building	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$4,502,910	\$0		\$810,795		\$0	\$5,313,705
Intergovernmental	26,157,495	2,679,213		25,744		8,758,703	37,621,155
Investment Earnings and Other Interest	434,478	160,251		0		188,969	783,698
Tuition and Fees	223,171	0		0		74,494	297,665
Rent	20,328	0		0		500	20,828
Extracurricular Activities	18,561	0		0		683,329	701,890
Contributions and Donations	170,560	0		0		419,959	590,519
Charges for Services	22,679	0		0		0	22,679
Revenue in Lieu of Taxes	28,704	0		0		0	28,704
Miscellaneous	208,364	15,629		0		91,084	315,077
Total Revenues	31,787,250	2,855,093		836,539		10,217,038	45,695,920
Expenditures							
Current:							
Instruction:							
Regular	14,640,634	0		0		1,947,117	16,587,751
Special	2,688,833	0		0		846,759	3,535,592
Vocational	1,320,235	0		0		0	1,320,235
Support Services:							
Pupil	1,082,760	0		0		404,040	1,486,800
Instructional Staff	761,917	0		0		134,400	896,317
Board of Education	98,943	0		0		0	98,943
Administration	2,596,898	0		0		259,371	2,856,269
Fiscal	598,423	1,902		15,559		0	615,884
Business	307,179	0		0		0	307,179
Operation and Maintenance of Plant	5,115,019	4,000		750,422		7,475,501	13,344,942
Pupil Transportation	479,515	0		0		0	479,515
Central	102,961	0		0		0	102,961
Operation of Non-Instructional Services	29,292	0		0		746,767	776,059
Food Service Operations	0	2,029,008		0		0	2,029,008
Extracurricular Activities	639,311	0		0		784,201	1,423,512
Capital Outlay	549,176	0		542,074		0	1,091,250
Debt Service:							
Principal Retirement	254,356	0		0		212,500	466,856
Interest	114,305	0		0		0	114,305
Total Expenditures	31,379,757	2,034,910		1,308,055		12,810,656	47,533,378
Excess of Revenues Over (Under) Expenditures	407,493	820,183		(471,516)		(2,593,618)	(1,837,458)
Other Financing Sources (Uses)							
Transfers In	23	0		6,941,410		215,600	7,157,033
Transfers Out	(6,815,600)	0		0		(341,433)	(7,157,033)
Total Other Financing Sources (Uses)	(6,815,577)	0		6,941,410		(125,833)	0
Net Change in Fund Balances	(6,408,084)	820,183		6,469,894		(2,719,451)	(1,837,458)
Fund Balances (Deficit) Beginning of Year							
As Previously Reported	5,586,752		(249,800)	646,231	3,000,000	5,710,611	14,693,794
Changes Within Reporting Entity - See Note 3							
Major Fund to Nonmajor Fund Adjustment							
Elementary and Secondary School Emergency Relief			249,800			(249,800)	0
Building					(3,000,000)	3,000,000	0
Nonmajor Fund to Major Fund Adjustment							
Lunchroom		2,389,372				(2,389,372)	0
Adjusted Fund Balances Beginning of Year	5,586,752	2,389,372	0	646,231	0	6,071,439	14,693,794
Fund Balances (Deficit) End of Year	(\$821,332)	\$3,209,555		\$7,116,125		\$3,351,988	\$12,856,336

See accompanying notes to the basic financial statements

Steubenville City School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Net Change in Fund Balances - Total Governmental Funds (\$1,837,458)

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

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

Capital Asset Additions	10,434,469	
Depreciation	(2,289,911)	
Total	8,144,558	8,144,558

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

Delinquent Property Taxes	42,775	
Intergovernmental	(217,400)	
Tuition and Fees	2,933	
Total	(171,692)	(171,692)

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

Qualified Zone Academy Bonds	212,500	
Financed Purchases	254,356	
Total	466,856	466,856

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

Accrued Interest		862
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(53,195)	
Compensated Absences	(177,808)	
Total	(231,003)	(231,003)

The internal service fund used by management to charge the costs of health insurance to individual funds is not reported in the Statement of Activities. Governmental fund expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.

(197,419)

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

Pension	2,443,367	
OPEB	55,061	
Total	2,498,428	2,498,428

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

Pension	(2,345,302)	
OPEB	194,743	
Total	(2,150,559)	(2,150,559)

<i>Change in Net Position of Governmental Activities</i>	<u>\$6,522,573</u>
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See accompanying notes to the basic financial statements

Steubenville City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$4,220,000	\$3,800,000	\$3,711,004	(\$88,996)
Intergovernmental	23,434,000	25,988,500	26,151,256	162,756
Interest	350,000	415,000	434,478	19,478
Tuition and Fees	771,000	385,500	220,747	(164,753)
Rent	110,000	55,000	20,328	(34,672)
Contributions and Donations	220,000	210,000	161,720	(48,280)
Charges for Services	50,000	25,000	18,404	(6,596)
Revenue in Lieu of Taxes	64,000	32,000	28,704	(3,296)
Miscellaneous	240,000	170,000	174,749	4,749
Total Revenues	29,459,000	31,081,000	30,921,390	(159,610)
Expenditures				
Current:				
Instruction:				
Regular	7,740,612	12,998,777	13,945,096	(946,319)
Special	2,635,821	2,492,529	2,754,570	(262,041)
Vocational	1,328,788	1,278,478	1,338,510	(60,032)
Support Services:				
Pupil	465,805	1,061,438	1,045,929	15,509
Instructional Staff	596,916	467,477	777,885	(310,408)
Board of Education	515,114	93,093	113,872	(20,779)
Administration	2,177,240	2,507,977	2,683,061	(175,084)
Fiscal	1,172,199	587,983	627,620	(39,637)
Business	204,866	310,516	337,247	(26,731)
Operation and Maintenance of Plant	9,221,146	8,143,507	7,182,923	960,584
Pupil Transportation	1,434,552	509,925	484,324	25,601
Central	317,808	118,500	108,811	9,689
Extracurricular Activities	656,455	540,300	595,104	(54,804)
Capital Outlay	59,678	0	0	0
Debt Service:				
Principal	0	260,000	254,356	5,644
Interest	0	114,000	114,305	(305)
Total Expenditures	28,527,000	31,484,500	32,363,613	(879,113)
Excess of Revenues Over (Under) Expenditures	932,000	(403,500)	(1,442,223)	(1,038,723)
Other Financing Uses				
Transfers Out	(450,000)	(6,812,500)	(6,815,600)	(3,100)
Net Change in Fund Balance	482,000	(7,216,000)	(8,257,823)	(1,041,823)
Fund Balance Beginning of Year	4,056,661	4,056,661	4,056,661	0
Prior Year Encumbrances Appropriated	4,021,335	4,021,335	4,021,335	0
Fund Balance End of Year	<u>\$8,559,996</u>	<u>\$861,996</u>	<u>(\$179,827)</u>	<u>(\$1,041,823)</u>

See accompanying notes to the basic financial statements

Steubenville City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Lunchroom Fund
For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$2,200,000	\$2,600,000	\$2,529,070	(\$70,930)
Interest	131,000	131,000	160,251	29,251
Charges for Services	4,000	4,000	0	(4,000)
Miscellaneous	11,000	11,000	15,629	4,629
Total Revenues	2,346,000	2,746,000	2,704,950	(41,050)
Expenditures				
Current:				
Support Services:				
Fiscal	0	2,000	1,902	98
Operation and Maintenance of Plant	0	4,000	4,000	0
Food Service Operations	2,190,000	2,220,071	2,026,834	193,237
Total Expenditures	2,190,000	2,226,071	2,032,736	193,335
Net Change in Fund Balance	156,000	519,929	672,214	152,285
Fund Balance Beginning of Year	2,161,898	2,161,898	2,161,898	0
Prior Year Encumbrances Appropriated	239,671	239,671	239,671	0
Fund Balance End of Year	<u>\$2,557,569</u>	<u>\$2,921,498</u>	<u>\$3,073,783</u>	<u>\$152,285</u>

See accompanying notes to the basic financial statements

Steubenville City School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2024

	Governmental Activity
	Internal Service Fund
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$19,352
Cash and Cash Equivalents with Fiscal Agent	2,206,983
Accounts Receivable	330,456
	<hr/>
Total Current Assets	2,556,791
	<hr/>
Current Liabilities	
Claims Payable	633,439
	<hr/>
Net Position	
Unrestricted	1,923,352
	<hr/>
Total Net Position	\$1,923,352
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Steubenville City School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

	Governmental Activity Internal Service Fund
Operating Revenues	
Charges for Services	\$4,890,665
Other Revenues	85,004
	<hr/>
Total Operating Revenues	4,975,669
	<hr/>
Operating Expenses	
Purchased Services	1,182,124
Claims	4,067,467
	<hr/>
Total Operating Expenses	5,249,591
	<hr/>
Operating Loss	(273,922)
	<hr/>
Non-Operating Revenues	
Interest	76,503
	<hr/>
Change in Net Position	(197,419)
	<hr/>
Net Position Beginning of Year	2,120,771
	<hr/>
Net Position End of Year	\$1,923,352
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Steubenville City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

	Governmental Activity
	Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$4,890,665
Cash Payments for Services	(1,182,124)
Cash Payments for Claims	(5,343,649)
Cash Received from Other Operating Revenues	1,276,560
	<hr/>
<i>Net Cash Used for Operating Activities</i>	(358,548)
Cash Flows from Investing Activities	
Interest	76,503
	<hr/>
<i>Net Change in Cash and Cash Equivalents</i>	(282,045)
<i>Cash and Cash Equivalents Beginning of Year</i>	2,508,380
	<hr/>
<i>Cash and Cash Equivalents End of Year</i>	\$2,226,335
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$273,922)
Increase in Account Receivable	(199,076)
Increase in Claims Payable	114,450
	<hr/>
<i>Net Cash Used for Operating Activities</i>	(\$358,548)
	<hr/> <hr/>
See accompanying notes to the basic financial statements	

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1838. The School District serves an area of 8.56 square miles in the City of Steubenville. It is located in Jefferson County on the Ohio River, thirty-seven miles west of Pittsburgh, Pennsylvania. It is staffed by 96 non-certificated employees, 194 certificated full-time and 12 certificated part-time teaching personnel, and 24 full-time and 2 part-time administrative employees who provide services to 2,872 students and other community members. The School District currently operates 4 elementary schools, 1 middle school, 1 high school, 1 administrative center, and 1 athletic training facility.

Reporting Entity:

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

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

Parochial Schools: Within the School District boundaries, Bishop John King Mussio Elementary, Bishop John King Mussio Central Junior High, and Catholic Central High School are operated through the Steubenville Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected as a governmental activity and as part of the non-major governmental funds for financial reporting purposes.

The School District is involved with the Jefferson County Joint Vocational School, Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council), and the Coalition of Rural and Appalachian Schools (CORAS), which are defined as jointly governed organizations, the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), and Schools of Ohio Risk Sharing Authority (SORSA) which are defined as an insurance purchasing pools, and the Jefferson Health Plan Self-Insurance Plan, which is defined as a risk-sharing, claims servicing, and insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges); however, the School District has no business-type activities.

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

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

Fund Accounting

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

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

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

Permanent Improvement Fund - The Permanent Improvement Capital Projects Fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements.

Lunchroom Fund – The Lunchroom Special Revenue Fund is used to account for all financial transactions related to food service operation.

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's fiduciary funds also include custodial funds. The School District reported no fiduciary activity in fiscal year 2024.

Measurement Focus

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

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

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

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

Basis of Accounting

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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: property taxes available as an advance, tuition, grants, charges for services, and revenue in lieu of taxes.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance year 2025 operations. These amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government 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

Steubenville City School District
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For the Fiscal Year Ended June 30, 2024

School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 12 and 13).

Expenses/Expenditures On the accrual basis 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 the governmental funds.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings and other interest credited to the General Fund during fiscal year 2024 amounted to \$434,478, which includes \$300,403, assigned from other School District funds. Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements to be cash equivalents.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions. Restricted assets in governmental funds represent unclaimed monies, and amounts required by State Statute to be set-aside by the School District for budget stabilization. Restricted assets in the enterprise fund represents amounts held in trust by the pension and OPEB plans for future benefits. See Note 19 for additional information regarding set-asides.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 Years
Buildings and Improvements	5-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years

Interfund Balances

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

Compensated Absences

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

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

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

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

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.

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Notes to the Basic Financial Statements
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In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds and financed purchases are recognized as a liability on the governmental fund financial statements when due.

Fund Balance

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

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

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

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

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

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

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

Steubenville City School District
Notes to the Basic Financial Statements
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Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Net position restricted for other purposes includes unclaimed monies, and local resources to be used for student programs. Restricted net position for pension and OPEB plans represent the corresponding restricted asset amounts held in trust by the pension and OPEB plans for future benefits.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenses not meeting this determination are reported as non-operating.

Estimates

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

Budgetary Data

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

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

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

Changes in Accounting Principles

For fiscal year 2024, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of this GASB Statement No. 100 and the Implementation Guides did not have an effect on beginning balances.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather impacted the amounts presented as net position restricted for an OPEB plan and unrestricted net position.

Changes to or within the Financial Reporting Entity

For fiscal year 2024, the Lunchroom Special Revenue Fund's presentation was adjusted from nonmajor to major due to the fund meeting the quantitative threshold for a major fund; the Elementary and Secondary School Emergency Relief Special Revenue Fund's presentation was adjusted from major to nonmajor due to the fund no longer meeting the quantitative threshold for a major fund; and the Building Capital Project Fund's presentation was adjusted from major to nonmajor due to the fund no longer meeting the quantitative threshold for a major fund. Each of these changes are separately displayed in the financial statements.

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 4 - FUND DEFICITS

At June 30, 2024, the School District had the following fund balance deficits:

General Fund	\$821,332
Nomajor Special Revenue Funds:	
Miscellaneous Federal Grants	78,792
Title I Grants Fund	5,920

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

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
4. The perspective difference represents the net change in fund balance (budget basis) for funds that are maintained as special revenue funds for accounting purposes, but do not otherwise meet the criteria for separate reporting in external financial statements and included with the General Fund on a GAAP basis.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and the Lunchroom Fund.

Net Change in Fund Balance		
	General	Lunchroom
GAAP Basis	(\$6,408,084)	\$820,183
Revenue Accruals	(865,883)	(150,143)
Expenditure Accruals	1,693,735	170,289
Encumbrances	(2,687,568)	(168,115)
Perspective Difference	9,977	0
Budget Basis	<u>(\$8,257,823)</u>	<u>\$672,214</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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For the Fiscal Year Ended June 30, 2024

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2024, the School District's internal service fund had a balance of \$2,206,983 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 18). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

At June 30, 2024, the School District's Education Foundation Special Revenue Fund had a balance of \$1,920,274 with Foundation for Appalachian Ohio (FAO), a 501 (c)(3) non-profit corporation. The balance is held by FAO in a pooled account which is representative of numerous gifts and contributions to be used for student scholarships and is reported as Cash and Cash Equivalents with Fiscal Agent.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2024, \$441,157 of the School District's total bank balance of \$15,000,013 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Both of the School District's financial institutions participate in the Ohio Pooled Collateral System (OPCS) and one of them was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

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

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

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

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023,

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the lien date. Assessed values for real property taxes are established by State Statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Jefferson County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2024 was \$967,938 in the General Fund, and \$81,368 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2023 was \$176,032 in the General Fund and \$45,610 in the Permanent Improvement Capital Projects Fund.

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

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$167,913,690	86.73%	\$167,732,910	85.54%
Public Utility Personal	25,691,970	13.27%	28,350,950	14.46%
	<u>\$193,605,660</u>	<u>100.00%</u>	<u>\$196,083,860</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation		\$33.45		\$33.45

NOTE 8 - RECEIVABLES

Receivables at June 30, 2024, consisted primarily of property taxes, payments in lieu of taxes, intergovernmental receivables arising from entitlements and shared revenues, accrued interest on investments, and accounts (billings for service). All receivables, except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

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Governmental Activities:	Amounts
Excess Costs from Other School Districts	\$71,799
Early Childhood Education Grant	83,630
School Lunch Program Subsidy	22,602
Title I Grant	63,356
Title I-D Grant	9,996
Title II-A Grant	31,093
Title IV-A Grant	28,661
IDEA Part B Grant	121,193
IDEA Early Childhood Special Education Grant	3,216
Transform School Culture Grant	48,181
Total Intergovernmental Receivable	<u><u>\$483,727</u></u>

Tax Increment Financing – Business Development On November 18, 2015 the Board of Education of Steubenville City School District approved a Tax Increment Financing Agreement (TIF) with the City of Steubenville. The purpose of the TIF is economic development, and infrastructure improvements benefitting the public. The TIF agreement is for a thirty year period effective December 3, 2015. As of June 30, 2024, a receivable for \$28,704 has been recorded which represents the payment anticipated for fiscal year 2024.

NOTE 9 - INTERNAL BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2024, consist of the following interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General</u>
Other Nonmajor Governmental	\$29,536

The loans made to Other Nonmajor Governmental Funds were used to cover actual cash deficits in the Title I Fund and the Miscellaneous Federal Grants Fund programs until the grant monies are received.

Transfers

Interfund transfers for the year ended June 30, 2024 consisted of the following:

<u>Transfer from</u>	<u>Transfer to</u>			
	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Nonmajor Governmental</u>	<u>Total</u>
General	\$0	\$6,600,000	\$215,600	\$6,815,600
Other Nonmajor Governmental	23	341,410	0	341,433
Total	<u><u>\$23</u></u>	<u><u>\$6,941,410</u></u>	<u><u>\$215,600</u></u>	<u><u>\$7,157,033</u></u>

The General Fund made transfers to the Permanent Improvement Fund for payments on the contract for the new STEM Building. The General Fund also made transfers the Debt Service Fund for the annual debt service principal payment for the 2014 and 2016 QZABs. See Long-Term Obligations Note 15 for further details. The Debt Service

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Fund transferred its residual cash balance to the Permanent Improvement Fund. The Student Activities Fund made a transfer to the General Fund for tracking of unclaimed moneys.

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$5,836,929	\$0	\$0	\$5,836,929
Construction in Progress	8,333,229	8,872,625	0	17,205,854
<i>Total Nondepreciable Capital Assets</i>	14,170,158	8,872,625	0	23,042,783
<i>Depreciable Capital Assets</i>				
Land Improvements	7,640,966	6,944	0	7,647,910
Buildings and Improvements	66,613,545	648,564	0	67,262,109
Furniture and Equipment	6,495,232	870,050	0	7,365,282
Vehicles	1,628,884	36,286	0	1,665,170
<i>Total Depreciable Capital Assets</i>	82,378,627	1,561,844	0	83,940,471
<i>Less Accumulated Depreciation</i>				
Land Improvements	(1,832,412)	(204,448)	0	(2,036,860)
Buildings and Improvements	(31,924,709)	(1,648,540)	0	(33,573,249)
Furniture and Equipment	(3,998,126)	(346,861)	0	(4,344,987)
Vehicles	(1,037,300)	(90,062)	0	(1,127,362)
<i>Total Accumulated Depreciation</i>	(38,792,547)	(2,289,911)	0	(41,082,458)
<i>Total Depreciable Capital Assets, Net</i>	43,586,080	(728,067)	0	42,858,013
<i>Governmental Activities Capital Assets, Net</i>	\$57,756,238	\$8,144,558	\$0	\$65,900,796

Depreciation expense was charged to governmental activities as follows:

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Instruction:	
Regular	\$895,322
Special	181,339
Vocational	124,308
Support Services:	
Pupil	54,865
Instructional Staff	162,656
Administration	219,059
Fiscal	16,485
Operation of Maintenance and Plant	425,227
Pupil Transportation	71,104
Non-Instructional Services	3,936
Extracurricular	103,778
Food Service Operations	31,832
	<hr/>
Total Depreciation Expense	<u>\$2,289,911</u>

NOTE 11 - RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool for property, general liability, and auto insurance. See Note 18 for further details. Coverages provided are as follows.

<i>Property:</i>	
Building and Business Personal Property	\$350,000,000
Earth Movement (\$50,000 Deductible)	10,000,000
Flood Coverage (\$50,000 Deductible)	10,000,000
<i>Crime:</i>	
Employee Theft, Forgery or Altercation	1,000,000
Computer Crime	1,000,000
Computer Program and Electronic Data Restoration Expense	350,000
Funds Transfer Fraud	1,000,000
Social Engineering Fraud	1,000,000
Telecommunication Fraud	200,000
Accounts Receivable	1,000,000
Errors and Omissions	5,000,000
Automobile Physical Damage	10,000,000
Electronic Data Processing Equipment Data and Media	350,000,000
Mobile Equipment	350,000,000
<i>General Liability:</i>	
Bodily Injury and Property Damage	15,000,000
Personal Injury/Advertising Liability	15,000,000
Employers Stop Gap Liability	15,000,000

(Continued)

Steubenville City School District
Notes to the Basic Financial Statements
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Educators' Legal Liability (Continued):

Wrongful Acts	\$15,000,000
Employee Benefits Liability	15,000,000

Automobile Liability:

Bodily Injury and Property Damage	15,000,000
Medical Payments, per Person/each Accident	10,000/25,000
Uninsured Motorist	1,000,000

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

Workers' Compensation

For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

Employee Benefits

Medical/surgical, prescription drug, life and dental insurance are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, comprised of over one hundred members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf (Note 18). The medical/surgical and dental coverage is based on a usual, customary, and reasonable claim plan. There is a \$400 annual deductible per single or \$600 annual deductible per family for the medical portion of the coverage. There is a \$25 annual deductible per single or \$50 annual deductible per family for the dental portion of the coverage. The monthly premium for medical/surgical, prescription drug, and dental insurance coverage is \$1,060.87 for single plans and \$2,473.92 for family plans. Employees contribute \$25 a month towards the medical/surgical coverage for a single plan, and \$55 a month for a family plan. The Board pays the remaining balance of the medical/surgical coverage, as well as 100 percent of the premium related to prescription drug, and dental coverage. The premium is paid from the fund that pays the salary of the covered employee.

The claims liability of \$633,439 reported in the internal service fund at June 30, 2024 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past fiscal year are as follows:

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	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2023	\$653,454	\$3,818,671	\$3,953,136	\$518,989
2024	518,989	4,397,923 (1)	4,283,473 (2)	633,439
(1)	Claims Expense	\$4,067,467		
	+ Stop Loss Receivable	330,456		
	Current Year Claims	<u>\$4,397,923</u>		
(2)	Cash Payments for Claims		\$5,343,649	
	- Stop Loss Received for 2024 Claims		<u>1,060,176</u>	
	Claim Payments		<u>\$4,283,473</u>	

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year-ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$479,307 for fiscal year 2024. Of this amount, \$120,433 is reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on the final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of the final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit and at any age.

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,964,060 for fiscal year 2024. Of this amount, \$306,752 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07476740%	0.09767280%	
Prior Measurement Date	0.07555520%	0.09588294%	
Change in Proportionate Share	<u>-0.00078780%</u>	<u>0.00178986%</u>	
			<u>Total</u>
Proportionate Share of the Net:			
Pension Liability	\$4,131,285	\$21,033,776	\$25,165,061
Pension Expense	\$343,807	\$2,001,495	\$2,345,302

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$177,571	\$766,848	\$944,419
Changes of assumptions	29,264	1,732,245	1,761,509
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	545,207	545,207
School District contributions subsequent to the measurement date	<u>479,307</u>	<u>1,964,060</u>	<u>2,443,367</u>
Total Deferred Outflows of Resources	<u><u>\$686,142</u></u>	<u><u>\$5,008,360</u></u>	<u><u>\$5,694,502</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$46,675	\$46,675
Changes of assumptions	0	1,303,883	1,303,883
Net difference between projected and actual earnings on pension plan investments	58,068	63,039	121,107
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>114,712</u>	<u>271,129</u>	<u>385,841</u>
Total Deferred Inflows of Resources	<u><u>\$172,780</u></u>	<u><u>\$1,684,726</u></u>	<u><u>\$1,857,506</u></u>

\$2,443,367 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$62,037)	(\$24,392)	(\$86,429)
2026	(166,784)	(689,864)	(856,648)
2027	259,799	2,137,931	2,397,730
2028	<u>3,077</u>	<u>(64,101)</u>	<u>(61,024)</u>
Total	<u><u>\$34,055</u></u>	<u><u>\$1,359,574</u></u>	<u><u>\$1,393,629</u></u>

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

	<u>June 30, 2023</u>
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

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Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$6,097,564	\$4,131,284	\$2,475,068

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented as follows:

	June 30, 2023
Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	<u>1.00</u>	1.00
Total	<u>100.00%</u>	

* Final target weights reflected at October 1, 2022.

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$32,345,293	\$21,033,776	\$11,467,329

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2024, one Board Member has elected Social Security. The contribution rate is 6.2 percent of wages.

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NOTE 13 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$55,061.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$55,061 for fiscal year 2024. Of this amount, \$55,061 is reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year-ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The School District’s proportion of the net OPEB liability (asset) was based on the School District’s share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.07625230%	0.09767280%	
Prior Measurement Date	0.07683500%	0.09588294%	
Change in Proportionate Share	<u>-0.00058270%</u>	<u>0.00178986%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$1,256,214	\$0	\$1,256,214
Net OPEB (Asset)	\$0	(\$1,899,601)	(\$1,899,601)
OPEB Expense	(\$126,524)	(\$68,219)	(\$194,743)

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,617	\$2,961	\$5,578
Changes of assumptions	424,763	279,839	704,602
Net difference between projected and actual earnings on OPEB plan investments	9,736	3,391	13,127
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	83,736	10,042	93,778
School District contributions subsequent to the measurement date	<u>55,061</u>	<u>0</u>	<u>55,061</u>
Total Deferred Outflows of Resources	<u><u>\$575,913</u></u>	<u><u>\$296,233</u></u>	<u><u>\$872,146</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$647,877	\$289,735	\$937,612
Changes of assumptions	356,777	1,253,329	1,610,106
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>200,244</u>	<u>16,837</u>	<u>217,081</u>
Total Deferred Inflows of Resources	<u><u>\$1,204,898</u></u>	<u><u>\$1,559,901</u></u>	<u><u>\$2,764,799</u></u>

\$55,061 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability, or an addition to the net OPEB asset, in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$210,703)	(\$562,376)	(\$773,079)
2026	(167,686)	(253,340)	(421,026)
2027	(108,058)	(97,470)	(205,528)
2028	(81,887)	(133,159)	(215,046)
2029	(69,373)	(122,245)	(191,618)
Thereafter	<u>(46,339)</u>	<u>(95,078)</u>	<u>(141,417)</u>
Total	<u><u>(\$684,046)</u></u>	<u><u>(\$1,263,668)</u></u>	<u><u>(\$1,947,714)</u></u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

	<u>June 30, 2023</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate:	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption:	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members was based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset

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allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$1,605,802	\$1,256,214	\$980,551
	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$922,898	\$1,256,214	\$1,697,905

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented as follows:

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	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,607,764)	(\$1,899,601)	(\$2,153,760)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,165,554)	(\$1,899,601)	(\$1,579,265)

NOTE 14 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 245 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days for all employees.

Other Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Consumer Life Insurance Company in the amount of \$25,000 per employee. The monthly premium is \$4.10 and the School District pays 100 percent of the premium. In addition, the School District provides vision insurance through Vision Service Plan at a cost of \$12.11 for single coverage and \$27.01 for family coverage per month.

NOTE 15 - COMMITMENTS

Encumbrances

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

Major Funds:	
General	\$2,697,554
Permanent Improvement	1,975,061
Other Non-Major Governmental Funds	1,842,642
Total	<u><u>\$6,515,257</u></u>

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Construction Commitment

At June 30, 2024 the School District had the following significant construction commitment:

Project	Funds	Commitment	Amount Completed	Amount Remaining
STEM Building Project	**	17,644,089	16,246,389	\$1,397,700

** The STEM Building Project is being financed from a variety of School District resources, including those of the General Fund, the Permanent Improvement Capital Projects Fund, the Elementary and Secondary Schools Emergency Relief (ESSER) Special Revenue Fund, and Building Capital Projects Fund.

NOTE 16 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Principal Outstanding 6/30/23	Additions	Deductions	Principal Outstanding 6/30/24	Amounts Due In One Year
<i>Qualified Zone Academy Bonds (QZAB):</i>					
2014 QZAB, \$2,750,000 @ 0%	1,512,500	0	137,500	1,375,000	137,500
2016 QZAB, \$1,500,000 @ 0%	975,000	0	75,000	900,000	75,000
<i>Total Bonds from direct borrowing and direct placements</i>	2,487,500	0	212,500	2,275,000	212,500
<i>Financed Purchase from Direct Borrowing</i>	2,876,607	0	254,356	2,622,251	264,794
<i>Compensated Absences</i>	1,505,091	246,100	68,292	1,682,899	65,185
<i>Other Long-Term Obligations</i>					
<i>Net Pension Liability</i>					
SERS	4,086,614	44,671	0	4,131,285	0
STRS	21,314,899	0	281,123	21,033,776	0
<i>Total Net Pension Liability</i>	25,401,513	44,671	281,123	25,165,061	0
<i>SERS Net OPEB Liability</i>	1,078,771	177,443	0	1,256,214	0
Total Long-Term Obligations	\$33,349,482	\$468,214	\$816,271	\$33,001,425	\$542,479

2014 Qualified Zone Academy Bonds – On May 29, 2014, the School District issued \$2,750,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), to be used to fund Electro Retro Fit projects throughout the School District and the SCS STEM Education Academy. Unlike the previously issued QZAB's, the bonds come due annually and are subject to annual debt service requirements. The QZAB does not bear interest.

2016 Qualified Zone Academy Bonds – On May 1, 2016, the School District issued \$1,500,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), to be used to fund Electro Retro Fit projects at the Harding Middle School, and renovations to, and equipping of the SCS STEM Education Academy. Similar to the 2014 QZAB, the bonds come due annually and are subject to annual debt service requirements. The QZAB does not bear interest.

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The annual debt service principal requirements of the 2014 and 2016 QZAB issues outstanding at June 30, 2024 are as follows.

Fiscal Year	2014 QZAB Principal	2016 QZAB Principal	Total
2025	\$137,500	\$75,000	\$212,500
2026	137,500	75,000	212,500
2027	137,500	75,000	212,500
2028	137,500	75,000	212,500
2029	0	75,000	75,000
2030-2034	687,500	375,000	1,062,500
2035-2036	137,500	150,000	287,500
Totals	<u>\$1,375,000</u>	<u>\$900,000</u>	<u>\$2,275,000</u>

Financed Purchase During fiscal year 2023, the City School District entered into a financed purchase agreement for additional funding of the construction a STEM Building, as a direct borrowing through the Infrastructure Bank of the Jefferson Health Plan.

Whenever any event of default shall have occurred and be continuing, the Jefferson Health Plan shall, in addition to any other remedies in the agreement or by law provided, have the right, without any further demand or notice, to take such steps and exercise such remedies including, without limitation, one or more of the following:

- a) Upon thirty (30) days prior written notice to the School District, terminate the agreement and direct the School District to (and the School District agrees that it will), at the School District's expense, promptly return possession of the project to the Jefferson Health Plan or, at the Jefferson Health Plan's option, enter upon the project site and take immediate possession of and remove any or all of the project;
- b) Upon thirty (30) days prior written notice to the School District, sell or lease the project, and hold the School District liable for all applicable lease payments and other payments due during the then-current term; and
- c) Exercise any other right, remedy or privilege that may be available to it under the agreement, and any applicable law, or proceed by appropriate court action to enforce the terms of the agreement to recover damages for the breach of the agreement.

Future financed purchase payments through fiscal year 2033 are as follows:

Fiscal Year	Principal	Interest	Total
2025	264,794	103,867	368,661
2026	275,660	93,000	368,660
2027	286,973	81,688	368,661
2028	298,750	69,911	368,661
2029	311,010	57,651	368,661
2030 - 2033	1,185,064	97,779	1,282,843
Total	<u>\$2,622,251</u>	<u>\$503,896</u>	<u>\$3,126,147</u>

Financed purchase payments are reflected as debt service expenditures in the fund financial statements. Finance purchase payments will be made from the General Fund.

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The School District's overall legal debt margin was \$17,987,686 with an unvoted debt margin of \$196,084 at June 30, 2024.

Compensated Absences will be paid from the General Fund.

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability. However, employer pension contributions are made from the following funds: General, Food Service Special Revenue, Miscellaneous State Grants Special Revenue, Title I Special Revenue, and Miscellaneous Federal Grants Special Revenue. For additional information related to the net pension/OPEB liability, see Note 12 and 13.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Jefferson County Joint Vocational School – The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2024, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2024, the total amount paid to OME-RESA from the School District was \$72,981 for technology services, financial accounting services, and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

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

NOTE 18 - PUBLIC ENTITY POOLS

Insurance Purchasing Pool

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

Schools of Ohio Risk Sharing Authority (SORSA) – The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a protected self-insurance purchasing pool under the authority of Ohio Revised Code 2744. One hundred twenty one school districts, educational service centers, and joint vocational school districts participate in the SORSA. SORSA is governed by a board of trustees elected by members. Member school districts agree to jointly participated in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, and public official's errors and omissions liability insurance.

Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

The Jefferson Health Plan Self-Insurance Plan – The School District participates in the Jefferson Health Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants.

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the Board be returned to the District's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve.

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

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Restricted Balance as of June 30, 2023	\$0	\$85,496
Current Year Set-aside Requirement	546,202	0
Current Year Offsets	0	0
Current Year Qualifying Expenditures	(848,192)	0
Totals	<u>(\$301,990)</u>	<u>\$85,496</u>
Balance Carried Forward to Fiscal Year 2025	<u>\$0</u>	<u>\$0</u>
Set-aside Restricted Balance as of June 30, 2024	<u>\$0</u>	<u>\$85,496</u>

The School District had qualifying expenditures during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future years. The School District also had prior year and current year capital expenditures from debt proceeds in connection with a capital project that may be carried forward to offset future set-aside requirements. The total restricted balance for the set asides at June 30, 2024 was \$85,496.

NOTE 20 - CONTINGENCIES

Litigation

The School District is currently not party to legal proceedings.

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

Steubenville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

State Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, additional DEW adjustments for fiscal year 2024 are not finalized. The final adjustment was not material and is not reflected in the accompanying financial statements.

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Required Supplementary Information

Steubenville City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years**

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.07476740%	0.07555520%	0.08008040%	0.07648450%
School District's Proportionate Share of the Net Pension Liability	\$4,131,285	\$4,086,614	\$2,954,735	\$5,058,845
School District's Covered Payroll	\$2,966,221	\$2,822,407	\$2,764,171	\$2,601,564
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.28%	144.79%	106.89%	194.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
0.07319220%	0.07412980%	0.08226490%	0.80581600%	0.07820830%	0.06922000%
\$4,379,218	\$4,245,552	\$4,915,146	\$5,897,845	\$4,462,640	\$3,503,184
\$2,513,444	\$2,472,304	\$2,660,471	\$2,502,571	\$2,354,469	\$2,011,385
174.23%	171.72%	184.75%	235.67%	189.54%	174.17%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Steubenville City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years **

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.09767280%	0.09588294%	0.09827958%	0.09550581%
School District's Proportionate Share of the Net Pension Liability	\$21,033,776	\$21,314,899	\$12,565,927	\$23,109,008
School District's Covered Payroll	\$12,894,800	\$12,756,857	\$12,011,479	\$11,881,150
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	163.12%	167.09%	104.62%	194.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	87.80%	87.80%	75.50%

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

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
0.09200059%	0.08937066%	0.09073598%	0.08606222%	0.08438414%	0.08705089%
\$20,345,377	\$19,650,602	\$21,554,527	\$28,807,620	\$23,321,309	\$21,173,790
\$10,526,793	\$10,064,907	\$10,064,907	\$9,038,357	\$8,650,279	\$8,802,254
193.27%	195.24%	214.16%	318.73%	269.60%	240.55%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

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

	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.07625230%	0.07683500%	0.08191680%
School District's Proportionate Share of the Net OPEB Liability	\$1,256,214	\$1,078,771	\$1,550,343
School District's Covered Payroll	\$2,966,221	\$2,822,407	\$2,764,171
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.35%	38.22%	56.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%

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

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

See accompanying notes to the required supplementary information.

2021	2020	2019	2018	2017
0.07880180%	0.07478840%	0.07533100%	0.08304790%	0.81688400%
\$1,712,621	\$1,880,771	\$2,089,884	\$2,228,787	\$2,328,422
\$2,601,564	\$2,513,444	\$2,472,304	\$2,660,471	\$2,502,571
65.83%	74.83%	84.53%	83.77%	93.04%
18.17%	15.57%	13.57%	12.46%	11.49%

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

	2024	2023	2022
School District's Proportion of the Net OPEB (Asset) Liability	0.09767280%	0.09588294%	0.09827958%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,899,601)	(\$2,482,729)	(\$2,072,145)
School District's Covered Payroll	\$12,894,800	\$12,756,857	\$12,011,479
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.73%	-19.46%	-17.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%

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

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

See accompanying notes to the required supplementary information.

2021	2020	2019	2018	2017
0.09550581%	0.09200059%	0.08937066%	0.09073598%	0.08606222%
(\$1,678,512)	(\$1,523,752)	(\$1,436,095)	\$3,540,183	\$4,602,630
\$11,881,150	\$10,548,286	\$10,526,793	\$10,064,907	\$9,038,357
-14.13%	-14.45%	-13.64%	35.17%	50.92%
182.10%	174.70%	176.00%	47.10%	37.30%

Steubenville City School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021
Net Pension Liability				
Contractually Required Contribution	\$479,307	\$415,271	\$395,137	\$386,984
Contributions in Relation to the Contractually Required Contribution	(479,307)	(415,271)	(395,137)	(386,984)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,423,621	\$2,966,221	\$2,822,407	\$2,764,171
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$55,061	\$52,054	\$48,025	\$49,592
Contributions in Relation to the Contractually Required Contribution	(55,061)	(52,054)	(48,025)	(49,592)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.61%</u>	<u>1.75%</u>	<u>1.70%</u>	<u>1.79%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.61%</u>	<u>15.75%</u>	<u>15.70%</u>	<u>15.79%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
\$364,219	\$339,315	\$333,761	\$372,466	\$350,360	\$310,319
(364,219)	(339,315)	(333,761)	(372,466)	(350,360)	(310,319)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,601,564	\$2,513,444	\$2,472,304	\$2,660,471	\$2,502,571	\$2,354,469
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
\$47,945	\$57,188	\$53,620	\$43,265	\$41,453	\$61,045
(47,945)	(57,188)	(53,620)	(43,265)	(41,453)	(61,045)
\$0	\$0	\$0	\$0	\$0	\$0
1.84%	2.28%	2.17%	1.63%	1.66%	2.59%
15.84%	15.78%	15.67%	15.63%	15.66%	15.77%

Steubenville City School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2024	2023	2022	2021
Net Pension Liability				
Contractually Required Contribution	\$1,964,060	\$1,805,272	\$1,785,960	\$1,681,607
Contributions in Relation to the Contractually Required Contribution	<u>(1,964,060)</u>	<u>(1,805,272)</u>	<u>(1,785,960)</u>	<u>(1,681,607)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$14,029,000	\$12,894,800	\$12,756,857	\$12,011,479
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related contributions for 2015-2024 as STRS did not allocate any employer contributions to postemployment health care. There is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
\$1,663,361	\$1,476,760	\$1,473,751	\$1,409,087	\$1,265,370	\$1,211,039
(1,663,361)	(1,476,760)	(1,473,751)	(1,409,087)	(1,265,370)	(1,211,039)
\$0	\$0	\$0	\$0	\$0	\$0
\$11,881,150	\$10,548,286	\$10,526,793	\$10,064,907	\$9,038,357	\$8,650,279
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Steubenville City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

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

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

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

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

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

Changes in Assumptions - STRS

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

Steubenville City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

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

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

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

Steubenville City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Changes in Benefit Term – STRS Pension

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:	
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Steubenville City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Changes in Assumptions – STRS

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

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

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

Steubenville City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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

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

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal AL Number	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<i>Nutrition Cluster:</i>			
<i>Non-Cash Assistance (Food Distribution):</i>			
National School Lunch Program	10.555		\$ 147,841
<i>Cash Assistance:</i>			
School Breakfast Program	10.553	\$ 768,988	
Total School Breakfast Program		768,988	
National School Lunch Program	10.555	1,095,633	
Total National School Lunch Program		1,095,633	
Nutrition Cluster Total (Cash and Non-Cash)		1,864,621	147,841
Farm to School Grant	10.575	100,000	
Total U.S. Department of Agriculture		1,964,621	147,841
UNITED STATES DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Facility Construction Commission</i>			
K-12 School Safety Grants Ohio Facilities Construction Commission	21.027	259,889	
Total Department of Treasury		259,889	
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Title 1 Grants to Local Educational Agencies FY23	84.010	7,890	
Title 1 Grants to Local Educational Agencies FY24	84.010	1,208,068	
Title 1 Expanding Opportunities for Each Child School Improvement Grant Title 1 D FY23	84.010A	4,945	
Title 1 Expanding Opportunities for Each Child School Improvement Grant Title 1 D FY24	84.010A	58,029	
Title I Total		1,278,932	
<i>Special Education Cluster:</i>			
Special Education - Grants to States (IDEA, Part B) FY24	84.027	685,161	
Special Education - Grants to States (IDEA, Part B) FY23	84.027	70,273	
Special Education - Preschool Grants (IDEA Preschool) FY24	84.173	13,008	
Special Education Cluster Total		768,442	
Supporting Effective Instruction State Grants (Title II-A) FY24	84.367	129,049	
Supporting Effective Instruction State Grants (Title II-A) FY23	84.367	12,477	
		141,526	
Student Support and Academic Enrichment Program FY24	84.424	86,789	
Student Support and Academic Enrichment Program FY23	84.424	9,938	
Stronger Connections FY24	84.424F	80,078	
		176,805	
Education Stabilization Fund (ESF) Under the Coronavirus Aid, Relief, and Economic Security Act			
COVID-19 - ARP ESSER FY24	84.425U	66,515	
COVID-19 - ARP ESSER FY23	84.425U	5,330,169	
Total Elementary and Secondary School Emergency Relief		5,396,684	
COVID-19 ARP HOMELESS ROUND FY23	84.425W	1,798	
Total Passed Through Ohio Department of Education:		7,764,187	
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
School Climate Transformation Grants FY24	84.184G	266,985	
School Climate Transformation Grants FY23	84.184G	50,852	
Total School Climate Transformation Grant		317,837	
Total U.S. Department of Education		8,082,024	
Totals		\$ 10,306,534	\$ 147,841

The accompanying notes are an integral part of this schedule.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Steubenville City School District (the School District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Steubenville City School District
Jefferson County
611 North 4th Street
Steubenville, Ohio 43952

To the Board of Education:

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, each major fund, and the aggregate remaining fund information of the Steubenville City School District, Jefferson County, (the School District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 20, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2025

OHIO AUDITOR OF STATE KEITH FABER



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

Steubenville City School District
Jefferson County
611 North 4th Street
Steubenville, Ohio 43952

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Steubenville City School District's, Jefferson County, (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Steubenville City School District's major federal programs for the year ended June 30, 2024. Steubenville City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Steubenville City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2025

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**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster (AL#10.553 and 10.555) Coronavirus State and Local Fiscal Recovery Funds (SLFRF) / K-12 School Safety Grant (AL#21.027)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



STEUBENVILLE CITY SCHOOL DISTRICT

JEFFERSON 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 3/18/2025

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This report is a matter of public record and is available online at
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