



OHIO AUDITOR OF STATE  
**KEITH FABER**





**STEUBENVILLE CITY SCHOOL DISTRICT  
JEFFERSON COUNTY  
JUNE 30, 2020**

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**STEUBENVILLE CITY SCHOOL DISTRICT  
JEFFERSON COUNTY  
JUNE 30, 2020**

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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 4<sup>th</sup> Street  
Steubenville, Ohio 43952

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Steubenville City School District, Jefferson County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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Efficient • Effective • Transparent

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 18, 2021

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**Steubenville City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

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The discussion and analysis of the Steubenville City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. 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 2020 are as follows:

- Net position of governmental activities decreased \$1,595,252.
- General revenues accounted for \$19,111,459 in revenue or approximately 59 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$13,483,140 or approximately 41 percent of total revenues of \$32,594,599.
- Total assets decreased \$765,579 primarily due to decreases in capital assets. Total liabilities decreased slightly in the amount of \$47,167 as the increase in net pension liabilities was offset by decreases in the remaining long-term obligations as well as decreases in current and other liabilities.
- The School District had \$34,189,851 in expenses related to governmental activities; only \$13,483,140 of these expenses were offset by program specific charges for services and sales, and operating grants and contributions. General revenues of \$19,111,459 were not adequate to provide for these programs.
- Total Governmental funds had \$32,292,495 in revenues and \$31,060,482 in expenditures. In total Governmental fund balances, including other financing sources and uses, increased \$1,232,013.

### **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 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.

**Steubenville City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

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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 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in this position. 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 10. 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 and the Debt Service Fund.

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

**Stuebenville City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
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 2020 compared to 2019, which has been restated for the implementation of GASB 84.

**Table 1**  
**Net Position**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Assets</b>			
Current and Other Assets	\$28,173,663	\$28,053,670	\$119,993
Net OPEB Asset	1,523,752	1,436,095	87,657
Capital Assets	45,823,393	46,796,622	(973,229)
<b>Total Assets</b>	<u>75,520,808</u>	<u>76,286,387</u>	<u>(765,579)</u>
<b>Deferred Outflow of Resources</b>			
Pension	5,685,613	7,178,816	(1,493,203)
OPEB	551,251	450,694	100,557
<b>Total Deferred Outflows of Resources</b>	<u>6,236,864</u>	<u>7,629,510</u>	<u>(1,392,646)</u>
<b>Liabilities</b>			
Current and Other Liabilities	3,229,057	3,506,224	(277,167)
Long-Term Liabilities:			
Due Within One Year	546,232	551,361	(5,129)
Due in More Than One Year			
Net Pension Liability	24,724,595	23,896,154	828,441
Net OPEB Liability	1,880,771	2,089,884	(209,113)
Other Amounts	9,175,489	9,559,688	(384,199)
<b>Total Liabilities</b>	<u>39,556,144</u>	<u>39,603,311</u>	<u>(47,167)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	3,983,432	3,790,112	193,320
Payment in Lieu of Taxes	28,704	28,704	0
Pension	1,405,835	2,052,094	(646,259)
OPEB	2,591,776	2,654,643	(62,867)
<b>Total Deferred Inflows of Resources</b>	<u>8,009,747</u>	<u>8,525,553</u>	<u>(515,806)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	37,372,072	37,671,921	(299,849)
Restricted	11,459,847	10,869,494	590,353
Unrestricted (Deficit)	<u>(14,640,138)</u>	<u>(12,754,382)</u>	<u>(1,885,756)</u>
<b>Total Net Position</b>	<u>\$34,191,781</u>	<u>\$35,787,033</u>	<u>(\$1,595,252)</u>

The net pension liability is the largest liability reported by the School District at June 30, 2020. 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 approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio Revised Code

**Staubenville City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

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 decreased \$765,579. Current and other assets increased \$119,993 primarily due to increases in cash and cash equivalents with fiscal agents related to the School District's self-insurance health plan. The decrease was offset by increases cash and cash equivalents in the School District's pooled treasury. The School District also reflects an OPEB asset in the amount of \$1,523,752. Capital assets decreased \$973,229 primarily due to annual depreciation exceeding capital asset additions.

Total liabilities decreased \$47,167. Current and other liabilities decreased \$277,167 primarily due to decreases accounts payable following an increase in the liability in the prior year. Long-term liabilities increased \$230,000 primarily due to an increase in net pension liability, which was offset by decreases in the net OPEB liability and the other long-term amounts. The net pension/OPEB liabilities represents the School District's proportionate share of the STRS and SERS unfunded benefits. As indicated previously, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability.

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 2020 and 2019, which has been restated for the implementation of GASB 84.

**Table 2**  
**Changes in Net Position**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Revenues</b>			
Program Revenues			
Charges for Services and Sales	\$5,523,558	\$5,117,862	\$405,696
Operating Grants and Contributions	7,959,582	7,444,877	514,705
Total Program Revenues	<u>13,483,140</u>	<u>12,562,739</u>	<u>920,401</u>
General Revenues			
Property Taxes	4,259,732	4,409,439	(149,707)
Revenue in Lieu of Taxes	28,704	33,598	(4,894)
Grants and Entitlements not Restricted to Specific Programs	14,079,411	14,053,073	26,338
Others	743,612	608,565	135,047
Total General Revenues	<u>19,111,459</u>	<u>19,104,675</u>	<u>6,784</u>
<b>Total Revenues</b>	<b><u>\$32,594,599</u></b>	<b><u>\$31,667,414</u></b>	<b><u>\$927,185</u></b>

(Continued)

**Steubenville City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

**Table 2**  
**Changes in Net Position(Continued)**

	<u>2020</u>	<u>2019</u>	<u>Change</u>
<b>Program Expenses</b>			
Instruction			
Regular	\$16,220,416	\$13,105,690	\$3,114,726
Special	3,973,286	2,915,567	1,057,719
Vocational	785,451	858,669	(73,218)
Support Services			
Pupil	1,427,667	921,166	506,501
Instructional Staff	1,116,797	589,322	527,475
Board of Education	70,508	167,207	(96,699)
Administration	2,805,764	1,677,125	1,128,639
Fiscal	463,776	393,554	70,222
Business	216,572	265,121	(48,549)
Operation and Maintenance of Plant	3,434,024	3,559,367	(125,343)
Pupil Transportation	422,506	427,522	(5,016)
Central	222,740	194,093	28,647
Operation of Non-Instructional Services	696,816	774,143	(77,327)
Food Service Operations	1,425,267	1,635,147	(209,880)
Extracurricular Activities	894,479	914,664	(20,185)
Interest and Fiscal Charges	13,782	20,160	(6,378)
<b>Total Expenses</b>	<b><u>34,189,851</u></b>	<b><u>28,418,517</u></b>	<b><u>5,771,334</u></b>
<b>Change in Net Position</b>	(1,595,252)	3,248,897	(4,844,149)
Restatement (Note 3)	0	117,687	(117,687)
Net Position Beginning of Year	<u>35,787,033</u>	<u>32,420,449</u>	<u>3,366,584</u>
<b>Net Position End of Year</b>	<b><u><u>\$34,191,781</u></u></b>	<b><u><u>\$35,787,033</u></u></b>	<b><u><u>(\$1,595,252)</u></u></b>

In 2020, 13 percent of the School District's revenues were from property taxes, and 43 percent were from unrestricted grants and entitlements. Program revenue charges for services and sales, and operating grants and contributions increased \$920,401 from the prior fiscal year. In 2020 program revenues increased primarily due to an increase in charges for services as a result of an increase in tuition and fees. Operating grants and contributions increased due to increases in program specific State and Federal funding.

Instructional programs comprise approximately 61 percent of total governmental program expenses and reflect a \$4,099,227 increase from fiscal year 2020. Overall, program expenses of the School District increased by \$5,771,334, most noticeably in regular instruction. The increase is due primarily to an increase in pension expense.

**Steubenville City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

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 2020 compared to fiscal year 2019. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction				
Regular	\$16,220,416	\$13,105,690	\$9,563,158	\$6,931,044
Special	3,973,286	2,915,567	1,403,531	270,544
Vocational	785,451	858,669	426,387	489,173
Support Services				
Pupil	1,427,667	921,166	491,185	689,733
Instructional Staff	1,116,797	589,322	1,019,577	550,011
Board of Education	70,508	167,207	70,508	167,207
Administration	2,805,764	1,677,125	2,661,169	1,677,125
Fiscal	463,776	393,554	430,912	348,780
Business	216,572	265,121	216,572	265,121
Operation and Maintenance of Plant	3,434,024	3,559,367	3,398,730	3,458,653
Pupil Transportation	422,506	427,522	422,506	427,522
Central	222,740	194,093	222,740	194,093
Operation of Non-Instructional Services	696,816	774,143	47,950	(23,901)
Food Service Operations	1,425,267	1,635,147	(163,769)	(197,887)
Extracurricular Activities	894,479	914,664	481,773	588,400
Interest and Fiscal Charges	13,782	20,160	13,782	20,160
<b>Total Expenses</b>	<u><u>\$34,189,851</u></u>	<u><u>\$28,418,517</u></u>	<u><u>\$20,706,711</u></u>	<u><u>\$15,855,778</u></u>

For fiscal year 2020, the dependence upon tax revenues and state subsidies for governmental activities reflects approximately 61 percent of expenses.

**The School District Funds**

Information about the School District funds starts on page 17. The School District reports two major funds, the General Fund and the Debt Service Fund. The General Fund had \$24,874,752 in revenues and \$24,051,088 in expenditures. Including other financing uses, the General Fund's balance increased \$468,422 primarily due to an increase in tuition and fees revenue. The Debt Service Fund had \$147,076 in revenues and \$443,843 in expenditures. Including other financing sources, the Debt Service Fund's balance increased \$58,475 primarily due to an increase in interest revenue and a decrease in debt service payments.

**Steubenville City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

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***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 2020 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 decreases in estimated tuition and fees revenue as well as, decreases in budgeted regular instruction and support services pupils which were offset by increases in support services instructional staff and operation and maintenance of plant expenditures. The actual results of operations were not significantly different than budgeted amounts.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2020, the School District had \$45,823,393 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. See Note 9 for more detailed information of the School District's capital assets.

***Debt***

At June 30, 2020, the School District had \$8,451,321 in bonds outstanding, including premiums.

**Table 4**  
**Outstanding Debt at Year End**

	2020	2019
2011 Refunding Bonds - Serial and Premium	\$696,081	\$913,108
2005 Qualified Zone Academy Bonds	3,930,240	3,930,240
2007 Qualified Zone Academy Bonds	700,000	700,000
2014 Qualified Zone Academy Bonds	1,925,000	2,062,500
2016 Qualified Zone Academy Bonds	1,200,000	1,275,000
<b><i>Total</i></b>	<u>\$8,451,321</u>	<u>\$8,880,848</u>

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.

**Steubenville City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited

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***Economic Factors***

It is prudent in long range forecasting to consider the economic climate that our long range projection of revenues and expenses are made. State and local resources are under stress as the economy recovers from the COVID-19 Global Pandemic. The state of Ohio provides roughly 50 percent of all school district funding so the state's financial health is a stabilizing factor for school district funding. The state of Ohio ended fiscal year 2020 \$1.1 billion or 4.6 percent under estimated tax revenues and \$866 million below actual fiscal year 2019 tax revenues. Note that roughly \$441.5 million of this shortfall was due to the April 15, 2020 state tax filing deadline moved to July 15, 2020. Total state program expenditures ended fiscal year 2020 \$865.1 million under estimated expenses. The state ended in essentially a balanced position in fiscal year 2020 with revenues equaling expense with the cuts made, and has maintained the \$2.7 billion in the Budget Stabilization Fund.

Due to COVID-19 closures unemployment rates statewide rose rapidly from 4.7 percent in February to 17.4 percent in April. Rates have improved to 8.8 percent in August and are trending lower according to the Ohio Office of Budget and Management. As unemployment rates drop this positively impacts state and local revenues for districts. These indicators suggest the state of Ohio's overall economy is rebounding and should be able to maintain stable funding through the foundation program through the forecast period.

Real Estate tax collections are a function of several variables including valuation, effective millage, delinquencies, and collection rate. Valuations are reassessed every six years and updated every three years by the County Auditor. Jefferson County conducted a reappraisal for calendar year 2019 which resulted in increased valuation, thus increasing the tax revenues for the School District. The Steubenville City School District's voted millage remains at 33.95 mills.

**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 Kayla Whitlatch, Treasurer at Steubenville City School District, 611 N 4<sup>th</sup> Street, Steubenville, Ohio 43952.



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# **Basic Financial Statements**

**Steubenville City School District**  
*Statement of Net Position*  
June 30, 2020

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$13,076,219
Intergovernmental Receivable	588,524
Accounts Receivable	76,884
Prepaid Items	17,790
Property Taxes Receivable	5,702,366
Revenue in Lieu of Taxes Receivable	28,704
Cash and Cash Equivalents with Fiscal Agent	4,474,173
Cash and Cash Equivalents Escrow Agents	3,285
Investments with Escrow Agents	4,205,718
Net OPEB Asset	1,523,752
Non-Depreciable Capital Assets	5,766,395
Depreciable Capital Assets, Net	40,056,998
 Total Assets	 75,520,808
<b>Deferred Outflows of Resources</b>	
Pension	5,685,613
OPEB	551,251
 Total Deferred Outflows of Resources	 6,236,864
<b>Liabilities</b>	
Accounts Payable	74,409
Accrued Wages and Benefits Payable	1,949,335
Vacation Benefits Payable	67,132
Intergovernmental Payable	715,472
Matured Severance Payable	22,198
Accrued Interest Payable	1,719
Claims Payable	398,792
Long-Term Liabilities:	
Due Within One Year	546,232
Due In More Than One Year:	
Net Pension Liability	24,724,595
Net OPEB Liability	1,880,771
Other Amounts	9,175,489
 Total Liabilities	 39,556,144
<b>Deferred Inflows of Resources</b>	
Property Taxes	3,983,432
Payment in Lieu of Taxes	28,704
Pension	1,405,835
OPEB	2,591,776
 Total Deferred Inflows of Resources	 8,009,747
<b>Net Position</b>	
Net Investment in Capital Assets	37,372,072
Restricted for:	
Debt Service	5,234,185
Capital Outlay	1,447,083
State and Intermediate Programs	253,900
Federal Programs	32,415
Food Service Operations	1,238,275
Preschool Programs	385,025
Classroom Facilities Maintenance	898,880
Scholarships	1,396,504
Set Asides	85,496
Student Activity	127,931
Other Purposes	360,153
Unrestricted (Deficit)	(14,640,138)
 Total Net Position	 \$34,191,781

See accompanying notes to the basic financial statements

**Steubenville City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$16,220,416	\$5,071,582	\$1,585,676	(\$9,563,158)
Special	3,973,286	0	2,569,755	(1,403,531)
Vocational	785,451	0	359,064	(426,387)
Support Services:				
Pupil	1,427,667	0	936,482	(491,185)
Instructional Staff	1,116,797	0	97,220	(1,019,577)
Board of Education	70,508	0	0	(70,508)
Administration	2,805,764	0	144,595	(2,661,169)
Fiscal	463,776	0	32,864	(430,912)
Business	216,572	0	0	(216,572)
Operation and Maintenance of Plant	3,434,024	26,053	9,241	(3,398,730)
Pupil Transportation	422,506	0	0	(422,506)
Central	222,740	0	0	(222,740)
Operation of Non-Instructional Services	696,816	0	648,866	(47,950)
Food Service Operations	1,425,267	13,217	1,575,819	163,769
Extracurricular Activities	894,479	412,706	0	(481,773)
Interest and Fiscal Charges	13,782	0	0	(13,782)
<b>Total Governmental Activities</b>	<b>\$34,189,851</b>	<b>\$5,523,558</b>	<b>\$7,959,582</b>	<b>(20,706,711)</b>
 <b>General Revenues</b>				
				3,448,141
Property Taxes Levied for General Purposes				741,862
Property Taxes Levied for Capital Projects				69,729
Property Taxes Levied for Classroom Facilities Maintenance				28,704
Revenue in Lieu of Taxes for General Purposes				14,079,411
Grants and Entitlements not Restricted to Specific Programs				225,727
Gifts and Donations				349,958
Investment Earnings				167,927
Miscellaneous				<u>19,111,459</u>
<b>Total General Revenues</b>				<b>19,111,459</b>
<b>Change in Net Position</b>				<b>(1,595,252)</b>
<b>Net Position Beginning of Year - Restated (Note 3)</b>				<b>35,787,033</b>
<b>Net Position End of Year</b>				<b><u>\$34,191,781</u></b>

See accompanying notes to the basic financial statements

**Stuebenville City School District**  
*Balance Sheet*  
**Governmental Funds**  
*June 30, 2020*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$7,552,127	\$1,026,901	\$4,392,333	\$12,971,361
Cash and Cash Equivalents with Fiscal Agents	0	0	1,396,063	1,396,063
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	93,424	0	0	93,424
Cash and Cash Equivalents with Escrow Agents	0	3,285	0	3,285
Investments with Escrow Agents	0	4,205,718	0	4,205,718
Receivables:				
Property Taxes	4,705,744	0	996,622	5,702,366
Interfund	23,066	0	0	23,066
Intergovernmental	203,387	0	385,137	588,524
Revenue in Lieu of Taxes	28,704	0	0	28,704
Prepaid Items	16,912	0	878	17,790
<b>Total Assets</b>	<b>\$12,623,364</b>	<b>\$5,235,904</b>	<b>\$7,171,033</b>	<b>\$25,030,301</b>
<b>Liabilities</b>				
Accounts Payable	\$56,511	\$0	\$17,898	\$74,409
Accrued Wages and Benefits Payable	1,763,221	0	186,114	1,949,335
Intergovernmental Payable	635,276	0	80,196	715,472
Matured Severance Payable	22,198	0	0	22,198
Interfund Payable	0	0	23,066	23,066
<b>Total Liabilities</b>	<b>2,477,206</b>	<b>0</b>	<b>307,274</b>	<b>2,784,480</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes	3,259,839	0	723,593	3,983,432
Payments in Lieu of Taxes	28,704	0	0	28,704
Unavailable Revenue	1,413,813	0	522,247	1,936,060
<b>Total Deferred Inflows of Resources</b>	<b>4,702,356</b>	<b>0</b>	<b>1,245,840</b>	<b>5,948,196</b>
<b>Fund Balances</b>				
Nonspendable:				
Prepaid Items	16,912	0	878	17,790
Unclaimed Monies	7,927	0	0	7,927
Restricted for:				
Debt Service	0	5,235,904	0	5,235,904
Capital Outlay	0	0	1,249,205	1,249,205
Budget Stabilization	85,496	0	0	85,496
State and Intermediate Programs	0	0	243,229	243,229
Federal Programs	0	0	16,868	16,868
Food Service Operations	0	0	1,237,643	1,237,643
Preschool Programs	0	0	299,953	299,953
Classroom Facilities Maintenance	0	0	877,830	877,830
Other Purposes	0	0	360,095	360,095
Student Activity Programs	0	0	127,931	127,931
Scholarships	0	0	1,396,504	1,396,504
Assigned for:				
Purchases on Order	1,258,997	0	0	1,258,997
Unassigned	4,074,470	0	(192,217)	3,882,253
<b>Total Fund Balances</b>	<b>5,443,802</b>	<b>5,235,904</b>	<b>5,617,919</b>	<b>16,297,625</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$12,623,364</b>	<b>\$5,235,904</b>	<b>\$7,171,033</b>	<b>\$25,030,301</b>

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, 2020*

<b>Total Governmental Fund Balances</b>		\$16,297,625
<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.		45,823,393
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds:		
Delinquent Property Taxes	1,429,354	
Intergovernmental	308,316	
Tuition and Fees	198,390	
Total	1,936,060	1,936,060
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.		2,767,636
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.		(67,132)
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.		(1,719)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	660,000	
Premium on Refunding Bonds	36,081	
Qualified Zone Academy Bonds	7,755,240	
Compensated Absences	1,270,400	
Total	(9,721,721)	(9,721,721)
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	1,523,752	
Deferred Outflows - Pension	5,685,613	
Deferred Outflows - OPEB	551,251	
Net Pension Liability	(24,724,595)	
Net OPEB Liability	(1,880,771)	
Deferred Inflows - Pension	(1,405,835)	
Deferred Inflows - OPEB	(2,591,776)	
Total	(22,842,361)	(22,842,361)
<i>Net Position of Governmental Activities</i>		\$34,191,781

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, 2020*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$3,326,798	\$0	\$789,646	\$4,116,444
Intergovernmental	16,142,785	0	5,768,906	21,911,691
Interest	84,833	147,076	4,083	235,992
Tuition and Fees	4,966,237	0	51,621	5,017,858
Rent	26,053	0	2,000	28,053
Extracurricular Activities	9,237	0	382,232	391,469
Contributions and Donations	163,879	0	192,521	356,400
Charges for Services	24,740	0	13,217	37,957
Revenue in Lieu of Taxes	28,704	0	0	28,704
Miscellaneous	101,486	0	66,441	167,927
<b>Total Revenues</b>	<b>24,874,752</b>	<b>147,076</b>	<b>7,270,667</b>	<b>32,292,495</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	12,166,459	0	1,742,779	13,909,238
Special	2,405,557	0	972,135	3,377,692
Vocational	580,058	0	10,578	590,636
Support Services:				
Pupil	306,994	0	946,907	1,253,901
Instructional Staff	834,275	0	101,368	935,643
Board of Education	69,072	0	0	69,072
Administration	2,083,338	0	155,764	2,239,102
Fiscal	392,335	0	20,358	412,693
Business	205,884	0	0	205,884
Operation and Maintenance of Plant	3,995,224	0	13,054	4,008,278
Pupil Transportation	356,801	0	0	356,801
Central	222,740	0	0	222,740
Operation of Non-Instructional Services	20,644	0	644,975	665,619
Food Service Operations	0	0	1,414,304	1,414,304
Extracurricular Activities	411,707	0	398,692	810,399
Capital Outlay	0	0	144,637	144,637
Debt Service:				
Principal Retirement	0	417,500	0	417,500
Interest and Fiscal Charges	0	26,343	0	26,343
<b>Total Expenditures</b>	<b>24,051,088</b>	<b>443,843</b>	<b>6,565,551</b>	<b>31,060,482</b>
Excess of Revenues Over (Under) Expenditures	823,664	(296,767)	705,116	1,232,013
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	355,242	0	355,242
Transfers Out	(355,242)	0	0	(355,242)
<b>Total Other Financing Sources (Uses)</b>	<b>(355,242)</b>	<b>355,242</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>468,422</b>	<b>58,475</b>	<b>705,116</b>	<b>1,232,013</b>
Fund Balances Beginning of Year - Restated (Note 3)	4,975,380	5,177,429	4,912,803	15,065,612
<b>Fund Balances End of Year</b>	<b>\$5,443,802</b>	<b>\$5,235,904</b>	<b>\$5,617,919</b>	<b>\$16,297,625</b>

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, 2020*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$1,232,013
<i>Amounts reported for governmental activities in the Statement of Activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	1,307,535	
Depreciation	<u>(2,273,203)</u>	
Total		(965,668)
Capital Assets removed from the capital asset account on the Statement of Net Position results in a loss on disposal of capital assets on the statement of activities.		(7,561)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Delinquent Property Taxes	143,288	
Intergovernmental	15,866	
Tuition and Fees	<u>28,984</u>	
Total		188,138
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:		
General Obligation Bonds	205,000	
Qualified Zone Academy Bonds	<u>212,500</u>	
Total		417,500
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		534
Bond premiums are reported as other financing sources in the governmental funds, but are allocated as an expense over the life of the bonds on the Statement of Activities.		
		12,027
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	(9,216)	
Compensated Absences	<u>(40,199)</u>	
Total		(49,415)
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.		
		(1,207,629)
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows:		
Pension	2,027,580	
OPEB	<u>47,945</u>	
Total		2,075,525
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	(3,702,965)	
OPEB	<u>412,249</u>	
Total		<u>(3,290,716)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>(\$1,595,252)</u></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*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2020*

	<u>Original</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with</u>
<b>Revenues</b>				
Property Taxes	\$3,420,000	\$3,420,000	\$3,439,081	\$19,081
Intergovernmental	16,352,000	16,352,000	16,145,220	(206,780)
Interest	100,000	100,000	84,833	(15,167)
Tuition and Fees	4,666,500	4,663,467	4,966,237	302,770
Rent	59,000	59,000	26,053	(32,947)
Extracurricular	9,100	9,238	9,237	(1)
Contributions and Donations	110,825	110,882	163,879	52,997
Charges for Services	33,500	22,235	24,740	2,505
Revenue in Lieu of Taxes	30,000	30,000	28,704	(1,296)
Miscellaneous	43,950	51,462	101,488	50,026
<b>Total Revenues</b>	<u>24,824,875</u>	<u>24,818,284</u>	<u>24,989,472</u>	<u>171,188</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	12,883,244	12,380,738	12,268,121	112,617
Special	2,404,130	2,509,815	2,511,258	(1,443)
Vocational	796,012	692,662	712,960	(20,298)
Support Services:				
Pupil	754,714	325,134	327,749	(2,615)
Instructional Staff	375,769	1,043,951	1,025,303	18,648
Board of Education	137,010	82,638	79,447	3,191
Administration	2,407,566	2,133,980	2,115,781	18,199
Fiscal	365,861	390,495	391,819	(1,324)
Business	299,645	248,326	255,013	(6,687)
Operation and Maintenance of Plant	3,406,453	4,811,652	4,728,081	83,571
Pupil Transportation	454,271	406,650	387,321	19,329
Central	156,142	277,298	255,080	22,218
Operation of Non-Instructional Services	31,174	24,722	24,630	92
Extracurricular Activities	484,038	437,145	438,323	(1,178)
Capital Outlay	20,000	27,985	27,977	8
<b>Total Expenditures</b>	<u>24,976,029</u>	<u>25,793,191</u>	<u>25,548,863</u>	<u>244,328</u>
Excess of Revenues Under Expenditures	(151,154)	(974,907)	(559,391)	415,516
<b>Other Financing Uses</b>				
Transfers Out	(355,242)	(355,242)	(355,242)	0
<b>Net Change in Fund Balance</b>	(506,396)	(1,330,149)	(914,633)	415,516
Fund Balance Beginning of Year	5,264,392	5,264,392	5,264,392	0
Prior Year Encumbrances Appropriated	2,002,939	2,002,939	2,002,939	0
<b>Fund Balance End of Year</b>	<u>\$6,760,935</u>	<u>\$5,937,182</u>	<u>\$6,352,698</u>	<u>\$415,516</u>

See accompanying notes to the basic financial statements

**Steubenville City School District**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2020*

	Governmental Activity
	Internal Service Fund
<b>Current Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$11,434
Cash and Cash Equivalents with Fiscal Agent	3,078,110
Accounts Receivable	76,884
Total Current Assets	3,166,428
<b>Current Liabilities</b>	
Claims Payable	398,792
<b>Net Position</b>	
Unrestricted	2,767,636
Total Net Position	\$2,767,636

See accompanying notes to the basic financial statements

**Stebenville City School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2020*

	<u>Governmental Activity</u> <u>Internal Service Fund</u>
<b>Operating Revenues</b>	
Charges for Services	<u>\$3,115,846</u>
<b>Operating Expenses</b>	
Purchased Services	809,337
Claims	<u>3,628,104</u>
Total Operating Expenses	<u>4,437,441</u>
Operating Loss	(1,321,595)
<b>Non-Operating Revenues</b>	
Interest	<u>113,966</u>
Change in Net Position	(1,207,629)
Net Position Beginning of Year	<u>3,975,265</u>
Net Position End of Year	<u><u>\$2,767,636</u></u>

See accompanying notes to the basic financial statements

**Stebenville City School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Governmental Activity
	Internal Service Fund
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$3,115,846
Cash Payments for Services	(809,337)
Cash Payments for Claims	(3,867,403)
Cash Received from Other Operating Revenues	276,755
<i>Net Cash Used for Operating Activities</i>	<i>(1,284,139)</i>
<b>Cash Flows from Investing Activities</b>	
Interest	113,966
<i>Net Cash Provided by Investing Activities</i>	<i>113,966</i>
<i>Net Change in Cash and Cash Equivalents</i>	<i>(1,170,173)</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>4,259,717</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$3,089,544</i>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$1,321,595)
Increase in Account Receivable	(25,301)
Increase in Claims Payable	62,757
<i>Net Cash Used for Operating Activities</i>	<i>(\$1,284,139)</i>

See accompanying notes to the basic financial statements

**Steubenville City School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2020*

	<u>Private Purpose Trust Funds</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$19,931</u>
<b>Net Position</b>	
Held in Trust for Scholarships	<u>\$19,931</u>
Total Net Position	<u><u>\$19,931</u></u>

See accompanying notes to the basic financial statements

**Steubenville City School District**  
*Statement of Changes in Net Position*  
*Fiduciary Funds*  
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust Fund	Custodial Fund
<b>Additions</b>		
Extracurricular Amounts Collected for Other Governments	\$0	\$16,316
<b>Deductions</b>		
Extracurricular Distributions to Other Governments	0	16,316
Total Deductions	0	16,316
Change in Net Position	0	0
Net Position Beginning of Year - Restated (Note 3)	19,931	0
Net Position End of Year	\$19,931	\$0

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, 2020*

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**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 85 non-certificated employees, 166 certificated full-time and 12 certificated part-time teaching personnel, and 24 full time and 1 part-time administrative employees who provide services to 2,640 students and other community members. The School District currently operates 3 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), the Coalition of Rural and Appalachian Schools (CORAS), and the Ohio Schools Council (OSC), 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 16 and 17 to the financial statements.

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**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, except for fiduciary funds. 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. Fiduciary funds are reported by type.

***Fund Accounting***

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



**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

**General Fund** - The General Fund 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.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

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. The School District has a private purpose trust fund which accounts for various supplies for students taking college classes or business related preparation for college. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. Custodial funds are used to account for assets held by the School District as fiscal agent for Ohio High School Athletic Association Tournaments hosted locally.

**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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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.

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

***Basis of Accounting***

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

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

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 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, tuition, grants, charges for services, and revenue in lieu of taxes.

***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 position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension are explained in Note 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes,

**Stuebenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 18. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of Net Position. See Note 11 and 12 for more information.

***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.”

During fiscal year 2020, investments were limited to mutual funds, Federal Home Loan Bank Discount Notes, and Federal National Mortgage Association Discount Notes. The mutual funds were reported at net asset value per share, and the remaining investments were reported at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$84,833, which includes \$49,761, 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.

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in governmental funds represent unexpended revenues restricted for amounts in a debt service fiscal agent account restricted by debt covenants for future debt service payments, unclaimed monies, amounts withheld on construction contracts until the successful completion of the contract, and amounts required by State Statute to be set-aside by the School District for budget stabilization. See Note 18 for additional information regarding set-asides.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2020, 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***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Construction in Progress	N/A
Land Improvements	20 Years
Buildings and Improvements	20 - 50 Years
Furniture and Equipment	5-20 Years
Vehicles	8 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***

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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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.

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, judgments, 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 the benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

***Bond Premiums, Bond Discounts, and Bond Issuance Costs***

On the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements, bond premiums, and bond discounts are recognized in the period in which the bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

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

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

***Internal Activity***

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental

**Stebenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Fund Balance***

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

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

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

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

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

**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.

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

***Net Position***

Net position 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 the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include local resources to be used for student programs.

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

***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.

***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are with the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

***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. 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.

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated 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.

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

***Change in Accounting Principles***

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the School District implemented Statement No. 84, *Fiduciary Activities*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

For fiscal year 2020, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and those funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

***Restatement of Fund Balances and Net Position***

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2019:

	Governmental Funds			
	Debt			
	General	Service	Non Major	Total
Fund Balances, June 30, 2019	\$4,975,380	\$5,177,429	\$4,795,116	\$14,947,925
Adjustments:				
GASB 84	0	0	117,687	117,687
Restated Fund Balances, June 30,2019	\$4,975,380	\$5,177,429	\$4,912,803	\$15,065,612

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2019:



**Stebenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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	Governmental Activities
Net Position June 30, 2019	\$35,669,346
Adjustments:	
GASB 84	117,687
Restated Net Position June 30, 2019	\$35,787,033

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of June 30, 2019:

	Fiduciary Fund		
	Private Purpose		
	Trust	Agency	Custodial
Net Position June 30, 2019	\$19,931	\$0	\$0
Adjustments:			
Assets	0	(117,687)	0
Liabilities	0	(117,687)	0
Restated Net Position June 30, 2019	\$19,931	\$0	\$0

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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	<u>General</u>
GAAP Basis	\$468,422
Revenue Accruals	114,720
Expenditure Accruals	(181,856)
Encumbrances	<u>(1,315,919)</u>
Budget Basis	<u><u>(\$914,633)</u></u>

**NOTE 5 - 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;

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*Notes to the Basic Financial Statements*  
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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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, 2020, the School District's internal service fund had a balance of \$3,078,110 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 17). 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, 2020, the School District's Education Foundation Special Revenue Fund had a balance of \$1,396,063 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, 2020, \$479,876 of the School District's total bank balance of \$13,122,721 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Both of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and one of them was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies

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deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

As of June 30, 2020, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Moody's Rating</u>	<u>Percent of Total Investments</u>
Net Asset Value Per Share				
Mutual Funds (Open-end)	\$3,285	N/A	N/A	0.08%
Fair Value - Level Two Inputs				
Federal Home Loan Bank				
Discount Note	3,585,283	Less than one year	Aaa	85.18%
Federal National Mortgage				
Association Discount Note	<u>620,435</u>	Less than one year	Aaa	<u>14.74%</u>
Total Investments	<u><u>\$4,209,003</u></u>			<u><u>100.00%</u></u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2020. The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

**Credit Risk** The credit ratings for the School District's securities are listed above. Ohio law requires money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

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

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*Notes to the Basic Financial Statements*  
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**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, and public utility property located in the School District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, 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 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 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, 2020, are available to finance fiscal year 2020 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, 2020 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, 2020 was \$235,479 in the General Fund, \$49,105 in the Permanent Improvement Capital Projects Fund, and \$4,996 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2019 was \$347,762 in the General Fund, \$70,774 in the Permanent Improvement Capital Projects Fund, and \$7,206 in the Classroom Facilities Maintenance Special Revenue 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 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$153,800,840	88.35%	\$154,156,850	87.57%
Public Utility Personal	20,278,650	11.65%	21,887,070	12.43%
	\$174,079,490	100.00%	\$176,043,920	100.00%
Tax Rate per \$1,000 of assessed valuation		\$33.95		\$33.95

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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2020, consisted of property taxes, revenue in lieu of taxes, tuition and fees, intergovernmental grants, and accounts. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$1,429,354 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amounts</u>
Excess Costs from Other School Districts	\$203,387
IDEA B Grant	99,335
IDEA B Grant - Early Childhood	3,483
Public Preschool Grant	101,751
School Lunch Program Subsidy	35,616
State Foundation Adjustment	10,551
Title I Grant	68,662
Title I-D Grant	4,416
Title II A Grant	49,634
Title IV Grant	11,689
	<hr/>
Total Intergovernmental Receivable	<u><u>\$588,524</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, 2020, a receivable for \$28,704 has been recorded which represents the payment anticipated for fiscal year 2021.

**NOTE 8 – INTERNAL BALANCES AND TRANSFERS**

***Interfund Balances***

Interfund balances at June 30, 2020 consisted of the following individual interfund receivables and payables:

	<u>Interfund Receivable</u>
<u>Interfund Payable</u>	<u>General Fund</u>
Other Non-major Governmental	<u><u>\$23,066</u></u>

The loan made to the Other Non-major Governmental Fund was used to cover actual cash deficits until grant monies are received to operate the programs. The cash deficit was covered by cash and cash equivalents from the General Fund.

***Transfers***

Interfund transfers for the year ended June 30, 2020 consisted of the following:

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	Transfer to
Transfer from	Debt Service
General Fund	\$355,242

Transfers were used to move receipts from the General Fund to the Debt Service Fund for the annual debt service sinking payments to the QZAB debt service escrow accounts and for annual debt service principal payment for the 2014 and 2016 QZAB. See Long-Term Obligations Note 15 for further details.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
Nondepreciable Capital Assets:				
Land	\$5,743,408	\$22,987	\$0	\$5,766,395
Construction in Progress	684,325	0	(684,325)	0
Total Nondepreciable Capital Assets	6,427,733	22,987	(684,325)	5,766,395
Depreciable Capital Assets:				
Land Improvements	2,360,011	91,000	0	2,451,011
Buildings and Improvements	62,105,019	1,232,610	0	63,337,629
Furniture and Equipment	5,715,538	579,942	0	6,295,480
Vehicles	1,641,371	65,321	(27,409)	1,679,283
Total Depreciable Capital Assets	71,821,939	1,968,873	(27,409)	73,763,403
Accumulated Depreciation:				
Land Improvements	(1,673,339)	(83,301)	0	(1,756,640)
Buildings and Improvements	(24,945,032)	(1,816,241)	0	(26,761,273)
Furniture and Equipment	(3,734,335)	(286,850)	0	(4,021,185)
Vehicles	(1,100,344)	(86,811)	19,848	(1,167,307)
Total Accumulated Depreciation	(31,453,050)	(2,273,203)	19,848	(33,706,405)
Total Depreciable Capital Assets, Net	40,368,889	(304,330)	(7,561)	40,056,998
Governmental Capital Assets, Net	\$46,796,622	(\$281,343)	(\$691,886)	\$45,823,393

Depreciation expense was charged to governmental activities as follows:

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
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Instruction:	
Regular	\$1,017,037
Special	199,787
Vocational	133,518
Support Services:	
Pupil	72,586
Instructional Staff	159,335
Board of Education	1,436
Administration	256,251
Fiscal	18,162
Operation of Maintenance and Plant	216,896
Pupil Transportation	65,480
Extracurricular	75,720
Non Instructional Services	8,531
Food Service Operations	48,464
Total Depreciation Expense	<u><u>\$2,273,203</u></u>

**NOTE 10 - 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 2020, 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 17 for further details. Coverages provided are as follows. The general liability coverage has limits of liability of \$1,000,000 for each occurrence and an annual aggregate of \$2,000,000. The errors and omissions coverage has limits of liability of \$1,000,000 for each wrongful act with an annual aggregate of \$1,000,000. The property coverage carries a \$2,500 deductible with total coverage of \$92,774,259. The fleet coverage has limits of liability of \$1,000,000 for each accident and \$5,000 medical payments for each accident.

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 2020 the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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



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17). The medical/surgical and dental coverage is based on a usual, customary, and reasonable claim plan. There is a \$200 annual deductible per single or \$400 annual deductible per family for this portion of the coverage. Premiums for this coverage are \$783.51 for individual coverage per month and \$1,824.75 for family coverage per month, employees contributing \$20 a month for single coverage and \$45 a month for family coverage, with the Board paying the balance of the premium. The premium is paid from the fund that pays the salary of the covered employee. Prescription drug premiums are \$187.29 for individual coverage per month and \$436.19 for family coverage per month which the Board of Education is paying 100 percent of the total premium. Premiums for the dental coverage are \$30.96 for individual coverage per month and \$72.09 for family coverage per month for which the Board of Education is paying 100 percent of the total premium.

The claims liability of \$398,792 reported in the internal service fund at June 30, 2020 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:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2019	\$346,364	\$3,275,429	\$3,285,758	\$336,035
2020	336,035	3,704,988 (1)	3,642,231	398,792
(1) Claims Expense		\$3,628,104		
+ Stop Loss Receivable		76,884		
Current Year Claims		\$3,704,988		

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability***

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

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

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

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

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

***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

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

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

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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$364,219 for fiscal year 2020, of which the full amount has been contributed.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,663,361 for fiscal year 2020. Of this amount \$292,866 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.07412980%	0.08937066%	
Current Measurement Date	<u>0.07319220%</u>	<u>0.09200059%</u>	
Change in Proportionate Share	<u>-0.00093760%</u>	<u>0.00262993%</u>	
Proportionate Share of the Net			
Pension Liability	\$4,379,218	\$20,345,377	\$24,724,595
Pension Expense	\$556,115	\$3,146,850	\$3,702,965

At June 30, 2020, 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>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$111,048	\$165,645	\$276,693
Changes of assumptions	0	2,389,957	2,389,957
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	21,110	970,273	991,383
School District contributions subsequent to the measurement date	<u>364,219</u>	<u>1,663,361</u>	<u>2,027,580</u>
Total Deferred Outflows of Resources	<u>\$496,377</u>	<u>\$5,189,236</u>	<u>\$5,685,613</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$88,071	\$88,071
Net difference between projected and actual earnings on pension plan investments	56,212	994,372	1,050,584
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>123,974</u>	<u>143,206</u>	<u>267,180</u>
Total Deferred Inflows of Resources	<u>\$180,186</u>	<u>\$1,225,649</u>	<u>\$1,405,835</u>

\$2,027,580 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 year ending June 30, 2021. 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:			
2021	\$31,084	\$1,654,668	\$1,685,752
2022	(107,250)	549,721	442,471
2023	(3,742)	(107,164)	(110,906)
2024	<u>31,880</u>	<u>203,001</u>	<u>234,881</u>
Total	<u>(\$48,028)</u>	<u>\$2,300,226</u>	<u>\$2,252,198</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.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$6,136,850	\$4,379,218	\$2,905,223

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

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

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

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include 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 7.45 percent as of June 30, 2019. 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net pension liability	\$29,732,503	\$20,345,377	\$12,398,695

**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 Retirement System. As of June 30, 2020, one member of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 12 – DEFINED BENEFIT OPEB PLANS**



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

***Plan Description - School Employees Retirement System (SERS)***

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, 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 2020, this amount was \$19,600. 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 2020, the School District's surcharge obligation was \$47,945.

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 and the intergovernmental payable to SERS were both \$47,945 for fiscal year 2020.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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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 fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liabilities, 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, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.07533100%	0.08937066%	
Current Measurement Date	<u>0.07478840%</u>	<u>0.09200059%</u>	
 Change in Proportionate Share	 <u>-0.00054260%</u>	 <u>0.00262993%</u>	
 Proportionate Share of the:			
Net OPEB Liability	\$1,880,771	\$0	\$1,880,771
Net OPEB (Asset)	\$0	(\$1,523,752)	(\$1,523,752)
OPEB Expense	\$26,080	(\$438,329)	(\$412,249)

At June 30, 2020, 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>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$27,609	\$138,139	\$165,748
Changes of assumptions	137,369	32,029	169,398
Net difference between projected and actual earnings on OPEB plan investments	4,515	0	4,515
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	5,663	157,982	163,645
School District contributions subsequent to the measurement date	<u>47,945</u>	<u>0</u>	<u>47,945</u>
Total Deferred Outflows of Resources	<u>\$223,101</u>	<u>\$328,150</u>	<u>\$551,251</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$413,193	\$77,523	\$490,716
Changes of assumptions	105,393	1,670,614	1,776,007
Net difference between projected and actual earnings on OPEB plan investments	0	95,703	95,703
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>188,805</u>	<u>40,545</u>	<u>229,350</u>
Total Deferred Inflows of Resources	<u>\$707,391</u>	<u>\$1,884,385</u>	<u>\$2,591,776</u>

\$47,945 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	(\$144,395)	(\$335,546)	(\$479,941)
2022	(97,611)	(335,547)	(433,158)
2023	(96,286)	(297,191)	(393,477)
2024	(96,502)	(283,736)	(380,238)
2025	(71,776)	(311,127)	(382,903)
Thereafter	<u>(25,665)</u>	<u>6,912</u>	<u>(18,753)</u>
Total	<u>(\$532,235)</u>	<u>(\$1,556,235)</u>	<u>(\$2,088,470)</u>

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**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital

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market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$2,282,899	\$1,880,771	\$1,561,032
	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,506,879	\$1,880,771	\$2,376,836

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

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Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were 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.

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

**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, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$1,300,218)	(\$1,523,752)	(\$1,711,689)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,727,863)	(\$1,523,752)	(\$1,273,762)

**NOTE 13 - 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 \$3.75 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 14 - COMMITMENTS**

*Encumbrances*

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

Major Funds:	
General	\$1,315,919
Other Non-Major Governmental Funds	977,629
Total	\$2,293,548

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**NOTE 15 - LONG - TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2020 were as follows:

	Principal Outstanding 6/30/19	Additions	Deductions	Principal Outstanding 6/30/20	Amounts Due In One Year
<b>2011 Refunding Bonds, \$2,090,000</b>					
Serial Bonds, \$2,015,000 @ 1.0%-3.70%	\$865,000	\$0	\$205,000	\$660,000	\$210,000
Premium - \$144,324	48,108	0	12,027	36,081	0
<b>Total General Obligation Bonds</b>	<b>913,108</b>	<b>0</b>	<b>217,027</b>	<b>696,081</b>	<b>210,000</b>
<b>Qualified Zone Academy Bonds (QZAB):</b>					
2005 QZAB, \$3,930,240 @ 0%	3,930,240	0	0	3,930,240	0
2007 QZAB, \$700,000 @ 0%	700,000	0	0	700,000	0
2014 QZAB, \$2,750,000 @ 0%	2,062,500	0	137,500	1,925,000	137,500
2016 QZAB, \$1,500,000 @ 0%	1,275,000	0	75,000	1,200,000	75,000
<b>Total Bonds from direct borrowing and direct placements</b>	<b>7,967,740</b>	<b>0</b>	<b>212,500</b>	<b>7,755,240</b>	<b>212,500</b>
<b>Compensated Absences</b>	<b>1,230,201</b>	<b>180,304</b>	<b>140,105</b>	<b>1,270,400</b>	<b>123,732</b>
<i>Other Long-Term Obligations</i>					
<b>Net Pension Liability</b>					
SERS	4,245,552	133,666	0	4,379,218	0
STRS	19,650,602	694,775	0	20,345,377	0
<b>Total Net Pension Liability</b>	<b>23,896,154</b>	<b>828,441</b>	<b>0</b>	<b>24,724,595</b>	<b>0</b>
<b>SERS Net OPEB Liability</b>	<b>2,089,884</b>	<b>0</b>	<b>209,113</b>	<b>1,880,771</b>	<b>0</b>
<b>Total Long-Term Obligations</b>	<b>\$36,097,087</b>	<b>\$1,008,745</b>	<b>\$778,745</b>	<b>\$36,327,087</b>	<b>\$546,232</b>

**2011 Refunding General Obligation Bonds** - On May 19, 2011, the School District issued \$2,090,000 of general obligation bonds. The bonds were issued to fully refund \$435,000 of outstanding 1993 Steubenville High School Addition and Improvement Series A General Obligation Bonds and to partially refund \$1,655,000 of 2000 School Facilities General Obligation Bonds. The bonds were issued for a 12 year period with final maturity at December 1, 2022. At the date of refunding, \$2,166,484 (including premium and after underwriting fees, and other issuance costs) was used to call and fully repay all refunded bonds.

As part of the original 2000 School Facilities General Obligation Bond Issue, the School District also passed a half-mill levy for the maintenance of the new building. The final year of collections for the half-mill levy was 2018.

These refunding bonds were issued with a premium of \$144,324, which is reported as an increase to bonds payable and is being amortized to interest expense over the life of the bonds using the straight-line method.

The 2011 bond issue consists of serial and capital appreciation bonds, \$2,015,000, and \$75,000, respectively. The capital appreciation bonds for this issue matured December 1, 2016 and were fully retired during fiscal year 2017. Principal and Interest requirements to retire the 2011 Refunding General Purpose Bonds outstanding at June 30, 2020 are as follows:



**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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Fiscal Year	Serial Bonds	
	Principal	Interest
2021	\$210,000	\$19,675
2022	220,000	12,360
2023	230,000	4,255
Totals	\$660,000	\$36,290

**2005 Qualified Zone Academy Bonds** – On August 21, 2005, the School District issued \$3,930,240 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for use as the School District’s local share of renovations to the High School and Garfield Elementary School through the Ohio School Facilities Commission. The QZAB matures in 2021, with the entire principal balance coming due at maturity. The QZAB does not bear interest. To satisfy fiscal agent requirements of the program, the School District placed \$1.0 million in a debt service sinking fiscal agent account for future payment of the bonds with US Bank, the fiscal agent. The fiscal agent account will be invested with all of the proceeds to be used for the final payoff of the bonds in 2021. Along with the investment earnings of the fiscal agent account, the School District is required to place \$120,810 annually into the debt service sinking fiscal agent account that will be used for the final bond repayment in 2021. The value of the fiscal agent account is recorded as restricted cash and cash equivalents with escrow agents and investments with escrow agents in the debt service fund.

**2007 Qualified Zone Academy Bonds** – On August 17, 2007, the School District issued \$700,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for use as the School District’s locally funded portion of renovations of the High School theater/auditorium through the Ohio School Facilities Commission. The QZAB matures in 2022, with the entire principal balance coming due at maturity. The QZAB does not bear interest. To satisfy fiscal agent requirements of the program, the School District placed \$175,000 in a debt service sinking fiscal agent account for future payment of the bonds with US Bank, the fiscal agent. The fiscal agent account will be invested with all of the proceeds to be used for the final payoff of the bonds in 2022. Along with the investment earnings of the fiscal agent account, the School District is required to place \$21,932 annually into the debt service sinking fiscal agent account that will be used for the final bond repayment in 2022. The value of the fiscal agent account is recorded as restricted cash and cash equivalents with fiscal agents and investments with escrow agents in the debt service fund.

**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.

The annual debt service principal requirements of the 2014 and 2016 QZAB issues outstanding at June 30, 2020 are as follows.

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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Fiscal Year	2014 QZAB Principal	2016 QZAB Principal	Total
2021	\$137,500	\$75,000	\$212,500
2022	137,500	75,000	212,500
2023	137,500	75,000	212,500
2024	137,500	75,000	212,500
2025	137,500	75,000	212,500
2026-2030	687,500	375,000	1,062,500
2031-2035	550,000	375,000	925,000
2036	0	75,000	75,000
<b>Totals</b>	<b>\$1,925,000</b>	<b>\$1,200,000</b>	<b>\$3,125,000</b>

The School District's overall legal debt margin was \$16,210,854 with an unvoted debt margin of \$176,044 at June 30, 2020.

*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 11 and 12.

**NOTE 16 - 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 2020, 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 2020, the total amount paid to OME-RESA from the School District was \$59,089 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.

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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*Coalition of Rural and Appalachian Schools (CORAS)* - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education 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 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 School District's membership fee was \$325 for fiscal year 2020.

*Ohio Schools Council (OSC)* – The Ohio Schools Council is a regional council of governments created under ORC 167, created by school districts for the purpose of saving dollars through volume purchases. OSC's membership has grown to 249 school districts, educational service centers, joint vocational districts, and developmental disabilities boards located in 34 counties. Each participant supports the OSC by paying an annual participation fee. Each participating School District's superintendent serves as a representative of the Assembly. The Assembly elects a nine member Board of Directors (Board) which is the policy making authority of the OSC. The Board appoints an Executive Director to oversee operations of the OSC. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and the designation of management. Each participants control is limited to its representation on the Board. During fiscal year 2020, the School District made no contributions the OSC. Financial information can be obtained by contacting the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**NOTE 17 - 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. The School District's enrollment fee of \$6,940 for policy year 2020 was paid to Comp Management Inc.

*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

**Stuebenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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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 18 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS**

The School District is required by State Statute to annually set aside, in the General Fund, an amount based on a statutory formula for the 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.

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.

	Capital Improvements	Budget Stabilization
Set-aside Restricted Balance as of June 30, 2019	\$0	\$85,496
Current Year Set-aside Requirement	422,720	0
Current Year Offsets	(69,830)	0
Current Year Qualifying Expenditures	(944,575)	0
Totals	(\$591,685)	\$85,496
Balance Carried Forward to Fiscal Year 2021	\$0	\$0
Set-aside Restricted Balance as of June 30, 2020	\$0	\$85,496

The School District had offsets and 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

**Steubenville City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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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, 2020 was \$85,496.

**NOTE 19 - CONTINGENCIES**

***Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2020.

***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 (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by the schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments have been finalized, which did not result in a material receivable to, or a liability of, the School District.

***Litigation***

The School District is currently not party to legal proceedings.

**NOTE 20 - 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. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**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 Seven Fiscal Years (1)\**

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.07319220%	0.07412980%	0.08226490%
School District's Proportionate Share of the Net Pension Liability	\$4,379,218	\$4,245,552	\$4,915,146
School District's Covered Payroll	\$2,513,444	\$2,472,304	\$2,660,471
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.23%	171.72%	184.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 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 fiscal year end.

See accompanying notes to the required supplementary information.



2017	2016	2015	2014
0.80581600%	0.07820830%	0.06922000%	0.06922000%
\$5,897,845	\$4,462,640	\$3,503,184	\$4,116,291
\$2,502,571	\$2,354,469	\$2,011,385	\$2,007,962
235.67%	189.54%	174.17%	205.00%
62.98%	69.16%	71.70%	65.52%

**Stebenville 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 Seven Fiscal Years (1)\**

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.09200059%	0.08937066%	0.09073598%
School District's Proportionate Share of the Net Pension Liability	\$20,345,377	\$19,650,602	\$21,554,527
School District's Covered Payroll	\$10,548,286	\$10,526,793	\$10,064,907
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	192.88%	186.67%	214.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 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 fiscal year end.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.08606222%	0.08438414%	0.08705089%	0.08705089%
\$28,807,620	\$23,321,309	\$21,173,790	\$25,222,079
\$9,038,357	\$8,650,279	\$8,802,254	\$8,873,264
318.73%	269.60%	240.55%	284.25%
66.80%	72.10%	74.70%	69.30%

**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 Four Fiscal Years (1) \**

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.07478840%	0.07533100%	0.08304790%	0.81688400%
School District's Proportionate Share of the Net OPEB Liability	\$1,880,771	\$2,089,884	\$2,228,787	\$2,328,422
School District's Covered Payroll	\$2,513,444	\$2,472,304	\$2,660,471	\$2,502,571
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.83%	84.53%	83.77%	93.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(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.

**Stebenville 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 Four Fiscal Years (1) \**

	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.09200059%	0.08937066%	0.09073598%	0.08606222%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,523,752)	(\$1,436,095)	\$3,540,183	\$4,602,630
School District's Covered Payroll	\$10,548,286	\$10,526,793	\$10,064,907	\$9,038,357
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.45%	-13.64%	35.17%	50.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(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.

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

	2020	2019	2018	2017
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$364,219	\$339,315	\$333,761	\$372,466
Contributions in Relation to the Contractually Required Contribution	<u>(364,219)</u>	<u>(339,315)</u>	<u>(333,761)</u>	<u>(372,466)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,601,564	\$2,513,444	\$2,472,304	\$2,660,471
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$47,945	\$57,188	\$53,620	\$43,265
Contributions in Relation to the Contractually Required Contribution	<u>(47,945)</u>	<u>(57,188)</u>	<u>(53,620)</u>	<u>(43,265)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.84%</u>	<u>2.28%</u>	<u>2.17%</u>	<u>1.63%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.84%</u>	<u>15.78%</u>	<u>15.67%</u>	<u>15.63%</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.

2016	2015	2014	2013	2012	2011
\$350,360	\$310,319	\$278,778	\$277,902	\$263,375	\$223,241
(350,360)	(310,319)	(278,778)	(277,902)	(263,375)	(223,241)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,502,571	\$2,354,469	\$2,011,385	\$2,007,962	\$1,958,181	\$1,775,986
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$41,453	\$61,045	\$38,176	\$39,225	\$42,856	\$52,839
(41,453)	(61,045)	(38,176)	(39,225)	(42,856)	(52,839)
\$0	\$0	\$0	\$0	\$0	\$0
1.66%	2.59%	1.90%	1.95%	2.19%	2.98%
15.66%	15.77%	15.76%	15.79%	15.64%	15.55%

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

	2020	2019	2018	2017
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,663,361	\$1,476,760	\$1,473,751	\$1,409,087
Contributions in Relation to the Contractually Required Contribution	<u>(1,663,361)</u>	<u>(1,476,760)</u>	<u>(1,473,751)</u>	<u>(1,409,087)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$11,881,150	\$10,548,286	\$10,526,793	\$10,064,907
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information.



2016	2015	2014	2013	2012	2011
\$1,265,370	\$1,211,039	\$1,144,293	\$1,153,524	\$1,220,237	\$1,236,433
<u>(1,265,370)</u>	<u>(1,211,039)</u>	<u>(1,144,293)</u>	<u>(1,153,524)</u>	<u>(1,220,237)</u>	<u>(1,236,433)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,038,357	\$8,650,279	\$8,802,254	\$8,873,264	\$9,386,436	\$9,511,021
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$88,023	\$88,733	\$93,864	\$95,110
<u>0</u>	<u>0</u>	<u>(88,023)</u>	<u>(88,733)</u>	<u>(93,864)</u>	<u>(95,110)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

**Steubenville City School District**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

**Net Pension Liability**

**Changes in Assumptions – SERS**

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

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

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

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

**Changes in Assumptions - STRS**

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

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

**Steubenville City School District**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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

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

### **Net OPEB Liability**

#### **Changes in Assumptions – SERS**

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

Municipal Bond Index Rate:	
Fiscal year 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 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

#### **Changes in Assumptions – STRS**

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

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

**Steubenville City School District**  
*Notes to Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**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.

**STEBENVILLE CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<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		\$92,928
<i>Cash Assistance:</i>			
School Breakfast Program	10.553	\$410,020	
COVID-19 School Breakfast Program	10.553	69,911	
Total School Breakfast Program		<u>479,931</u>	
National School Lunch Program	10.555	861,058	
COVID-19 National School Lunch Program	10.555	130,347	
Total National School Lunch Program		<u>991,405</u>	
Nutrition Cluster Total (Cash and Non-Cash)		1,471,336	92,928
National School Lunch Program Equipment Assistance Grant	10.560	<u>23,000</u>	
Total U.S. Department of Agriculture		<u>1,494,336</u>	<u>92,928</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Title 1 Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	84.010	1,621,001	
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	678,827	
Special Education Preschool Grants	84.173	<u>15,662</u>	
Special Education Cluster Total		694,489	
Supporting Effective Instruction State Grants (Title IIA)	84.367	121,142	
Student Support and Academic Enrichment Program	84.424	<u>103,029</u>	
Total Passed Through Ohio Department of Education:		2,539,661	
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Direct Program</i>			
School Climate Transformation Grant	84.184G	281,847	
Total U.S. Department of Education		<u>2,821,508</u>	
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
<i>Direct Program</i>			
STOP School Violence	16.839	<u>31,165</u>	
Total U.S. Department of Justice		<u>31,165</u>	
<b>Totals</b>		<u><b>\$4,347,009</b></u>	<u><b>\$92,928</b></u>

*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, 2020**

**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 District's) under programs of the federal government for the year ended June 30, 2020. 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

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

**NOTE E – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The 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 4<sup>th</sup> Street  
Steubenville, Ohio 43952

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Steubenville City School District, Jefferson County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 18, 2021. We noted the District adopted GASB Statement No. 84, *Fiduciary Activities*, and we also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 18, 2021



# OHIO AUDITOR OF STATE KEITH FABER



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

Steubenville City School District  
Jefferson County  
611 North 4<sup>th</sup> Street  
Steubenville, Ohio 43952

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited Steubenville City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Steubenville City School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, Steubenville City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 18, 2021

**STEUBENVILLE CITY SCHOOL DISTRICT  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 84.010 – Title I
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	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 3/25/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)