

# Steel Valley School District

## Financial Statements and Required Supplementary and Supplementary Information

Year Ended June 30, 2015 with  
Independent Auditor's Reports

**MaherDuessel**  
Certified Public Accountants

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# STEEL VALLEY SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2015

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## Independent Auditor's Report

Board of Directors  
Steel Valley School District

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Steel Valley School District (School District), Munhall, Pennsylvania, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective

budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," which requires the School District to record its proportionate share of the Public School Employees' Retirement System (PSERS) net pension liability and related items on the government-wide financial statements. Our opinion is not modified with respect to that matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages i through vii and 44 through 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*Maker Duessel*

Pittsburgh, Pennsylvania  
February 15, 2016

**Steel Valley School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015**

Our Management's Discussion and Analysis of Steel Valley School District's (School District) financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2015. Please review in conjunction with the School District's financial statements.

**Financial Highlights**

The School District's governmental activities recognized revenues of approximately \$31.5 million for fiscal year ending June 30, 2015, and net position increased by approximately \$699,000.

Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," were adopted in the current year by the School District. As a result of this implementation, the government-wide net position as of July 1, 2014 was restated with a decrease of \$30,426,000 to record the School District's proportionate share of the PSERS total pension liability. The proportionate share is calculated utilizing the School District's one-year reported covered payroll as it relates to the total one-year reported covered payroll. The pension liability and its related components are described more fully in Note 5. Beginning net position in the governmental activities was restated from \$4,251,256 to (\$26,174,744), resulting in a June 30, 2015 total governmental activities net position of (\$25,475,722).

The School District's General Fund fund balance was approximately \$7.0 million at June 30, 2015, a decrease of approximately \$600,000 from the prior year primarily due to increased expenditures.

The budget for 2014-2015 represents an increase in revenue of \$1,166,407, or a 4.1% increase, over the prior fiscal year.

The final tax rate millage for 2015 fiscal year was 21.31, which represents no change from the 2014 fiscal year.

**Using the Basic Financial Statement Report**

This Basic Financial Statement Report consists of a Financial Section. Within the Financial Section is the Management's Discussion and Analysis (this section), a series of financial statements, and notes to those statements. The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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. For the School District, the General Fund, Capital Projects Fund, and the Food Service Fund are the most significant funds. Lastly, the financial statements include notes that explain some of the information in the financial statements and provide more detailed data.



## **Reporting the School District as a Whole**

While the Fund Financial Statements contain the majority of funds used by the School District to provide programs and activities, 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 2015?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and changes in those assets. This change in net position is important because it tells the reader, for the School District as a whole, whether 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 Pennsylvania restricting revenue growth, facility conditions, required educational programs, and other factors.

## **Overview of Financial Statements**

The Government-Wide Financial Statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two Government-Wide Financial Statements report the School District’s net position and how they have changed. Net position, the difference between the School District’s assets, deferred outflows of resources, and deferred inflows of resources and liabilities, are one way to measure the School District’s financial health or position.

Over time, increases or decreases in the School District’s net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the School District, additional non-financial factors need to be considered, such as changes in the School District’s property tax base and the performance of the students.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities – Most of the School District’s basic services are included here, such as instruction, support services, operation and maintenance of plant services, student transportation services, and administration. Property taxes, state and federal subsidies, and grants finance most of these activities.
- Business-type activities – The School District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation.

## **Reporting the School District's Most Significant Funds**

Fund Financial Statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required by state law and by bond requirements.

*Governmental funds* – Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They 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 operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reflected on the reconciliation in the financial statements.

*Proprietary fund* – This fund is used to account for the School District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the School District charges for services it provides – whether to outside customers or to other units in the School District – these services are generally reported in proprietary funds. The Food Service Fund is the School District's only proprietary fund and uses the same basis of accounting as business-type activities; therefore, these statements will essentially match.

## **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position – Government-Wide Financial Statements**

At June 30, 2015, the value of the School District's assets totaled \$29.7 million, of which 45.8%, or approximately \$13.6 million, consisted of cash, investments, state and federal receivables, and delinquent/liened real estate taxes.

Deferred outflows of resources totaled \$4,509,617, which relates to the School District's deferred charge on refunding of \$215,265 and deferred outflows of resources for pension of \$4,294,352.

The liabilities total of \$56,996,384 consisted of accounts payable and other current liabilities, accrued payroll and benefits, accrued interest payable, unearned revenue, and other non-current liabilities including bonds and notes outstanding, retirement incentive, OPEB obligation, and net pension liability.

Deferred inflows of resources totaled \$2,374,000, which relates to the School District's deferred inflows of resources for pension.

Total unrestricted net position is approximately (\$23.4) million and net investment in capital assets is approximately (\$1.8) million at June 30, 2015, for a total net deficit of (\$25,159,891).

## Revenues and Expenses – Government-Wide Financial Statements

Program revenues consist mainly of operating grants and contributions. Operating grants and contributions totaled \$3,593,675 and \$4,014,792 in fiscal years 2015 and 2014, respectively.

General revenues for governmental activities as displayed in the Statement of Activities for fiscal years ended June 30, 2015 and 2014 are as follows:

Description	2015	2014	Increase (Decrease)
Property taxes, net of collections	\$ 12,964,684	\$ 12,339,636	\$ 625,048
Taxes levied for general purposes	1,848,545	1,704,285	144,260
Grants/subsidies	11,820,107	11,474,242	345,865
Investment earnings	4,191	51,980	(47,789)
Miscellaneous income	76,293	252,583	(176,290)
Gain on sale of capital assets	-	22,603	(22,603)
Gain (loss) on derivative instrument	-	(21,899)	21,899

Property taxes increased by \$625,048, or 5.1%. Other taxes levied for general purposes include earned income, delinquent/liened taxes, amusement, and emergency municipal services. Grants/subsidies include basic subsidy, grants from foundations, and grants from the state and federal governments. Investment earnings decreased in fiscal year 2015 because there were no earnings related to the interest rate swap agreements, which were terminated by the School District in fiscal year 2014. Miscellaneous revenue comes from tuition paid by other school districts for students attending the School District's schools, telephone commissions, truancy, and refunds from Steel Center Vocational School for prior years, and vendor contributions to the School District for allowing use of their vending machines in our school buildings.

Expenses for governmental activities as displayed in the Statement of Activities for the fiscal years ended June 30, 2015 and 2014 are as follows:

Description	2015	2014	Increase (Decrease)
Instructional services	\$ 20,169,044	\$ 17,254,616	\$ 2,914,428
Support services	9,128,155	7,396,088	1,732,067
Non-instructional services	660,391	566,826	93,565
Debt service and authority obligations	834,180	1,082,682	(248,502)

Overall, the School District experienced an increase in net position of approximately \$700,000 million in fiscal year 2015 compared to an increase in net position of \$2.9 million for fiscal year 2014.

## Revenues and Expenditures – Fund Statements

The revenue of the School District for the fiscal year ended June 30, 2015 came from three sources – local, state, and federal. Revenues from local sources, which include real estate, wage tax, delinquent/liened taxes, amusement, and other sources, accounted for \$16,444,710 of total revenue received. The major source of revenue on the local level is current year real estate taxes, which represented \$11,627,482 of the total local revenue, which exceeded budget projections by \$260,432. The revenue received from delinquent/liened real estate tax collections totaled \$1,310,595, which fell short of budget projections by \$64,405. Revenue from state sources during fiscal year 2015 totaled \$13,418,361, which was \$71,032 over budget due to an under budgeted State share of Retirement contribution of \$307,613, or 25.3%. The major subsidies received from state sources are basic subsidy of \$8,554,243 and special education subsidy of \$1,279,930. Of the \$1,600,946 revenue from federal sources, \$721,724 is from Title I improving basic programs and Title I set aside, and \$684,297 also from Title I for the Keystones to Opportunities funding. The remaining funds represent minor grants for improving teacher quality and medical assistance.

School District revenues for the fiscal year ended June 30, 2015 were used to pay expenditures of approximately \$31.6 million for instruction, support services, student activities, community services, facilities acquisition construction and improvements services, debt service, and other financing sources. The following is a comparison of costs for the fiscal years ended June 30, 2015 and 2014:

Program	2015 Expenses	2014 Expenses	Increase/(Decrease) from Prior Year
Instruction programs	\$ 18,989,265	\$ 16,750,815	\$ 2,238,450
Support services	9,191,191	7,778,878	1,412,313
Non-instruction services	633,219	557,448	75,771
Debt service	1,535,085	1,536,375	(1,290)
Facilities/improvement	1,269,470	558,038	711,432
Swap termination payment	-	219,800	(219,800)
Refunds of prior year receipts	265	2,877	(2,612)
Other	7,981	-	7,981

The variances for the fiscal year 2015 compared with the prior year concerning instruction programs and support services are the result of increases in the retirement contribution rate from 16.93 to 21.40 percent, an increase of 4.47%, and increased salaries and health insurance.

Capital Project Fund activity consisted of a partial roof replacement at the high school costing \$503,254, pool renovations \$236,000, boiler replacement \$50,000, HVAC, electrical, and plumbing \$148,950, and other capital items \$331,266.

### Business-Type Activity

The only business-type activity of the School District is the Food Service operations. This program had revenues, operating and non-operating of \$844,711 and total operating and non-operating expenses of \$822,393 for fiscal year 2015. The cafeteria operation is designed to be self-sustaining; however, funds are provided by the General Fund whenever revenue is lagging



from the state/federal subsidies. Over half of the revenue of the food service operation comes from the state and federal government. Subsidies received represent lunch and breakfasts served for free, or at a reduced price and those for which students pay. There was no increase in school lunch prices during the fiscal year.

### Capital Assets

At June 30, 2015, the School District's governmental funds had \$14,751,298 invested in a broad range of capital assets, including construction in progress, land, site improvements, buildings, furniture, and equipment. This amount represents a net increase (including additions, deletions, and depreciations) of \$237,225 or 1.6% from last year.

Government Activities		
Fiscal Years Ended June 30, 2015 and 2014		
Capital Assets - Net of Depreciation		
	2015	2014
Land and land improvements	\$ 1,505,326	\$ 1,476,347
Buildings and building improvements	12,666,501	12,564,101
Equipment, furniture, and fixtures	545,663	431,436
Vehicles	33,808	42,189
Library and textbooks	-	-

More detailed information about our capital assets is included in Note 4 to the financial statements.

### Debt Administration

As of July 1, 2014, the School District had bonds payable of \$18,295,693. During the year, the School District incurred additional accretion of \$607,477, and principal payments totaling \$1,355,000. The total outstanding bonds payable as of June 30, 2015 is \$17,548,170.

Outstanding Debt		
General Obligation Bond	As of June 30, 2015	As of June 30, 2014
Series of 1993 Capital Appreciation	\$ 3,336,792	\$ 4,317,330
Series of 2005	7,961,378	7,643,363
Series of 2010	6,250,000	6,335,000
Total	<u>\$ 17,548,170</u>	<u>\$ 18,295,693</u>

On August 13, 2015, the School District issued General Obligation Notes, Series A, Series B, and Series C of 2015 (2015 Notes) in the amount of \$6,210,000. The purpose of this issue was to currently refund the General Obligation Bonds, Series A, Series B, and Series C of 2010.

Other obligations include accrued sick leave for specific employees of the School District, pension and other post-employment benefits, and retirement incentive. More detailed information about our long-term liabilities is included in Notes 5, 6, 7, and 9 to the financial statements.

### **Major Financial Issues**

At June 30, 2015, the General Fund fund balance had a surplus of approximately \$7.0 million, consisting of non-spendable of \$257,000, restricted of \$525,000, assigned of \$2,000,000, committed of \$2,000,000, and unassigned of \$2,199,650. The \$525,000 restricted is donor-restricted for capital improvement costs, \$2,000,000 assigned was for real estate tax refunds, health insurance increases, charter school challenge to include federal fund expenditures in the tuition calculation, and for future CBA-collective bargaining agreements. The \$2,000,000 committed was for retirement (PSERS) rate increases.

### **Strategic Plan**

The School District's strategic plan was approved by the PDE in September of 2006. The School District's mission is to educate students who come from diverse communities with an array of abilities and interests and prepare them to be the most productive citizens of tomorrow in a global marketplace. The areas which formed the School District's strategic direction include planned instruction, assessment, professional development, technology, and external partnerships.

### **Labor Relations**

The bargaining groups for employees of the School District consist of the Steel Valley Education Association for the teachers, whose five-year contract was signed during fiscal year 2015 and ends on June 30, 2019. A second CBA with the Steel Valley Educational Support Personnel was ratified during fiscal year 2016 and ends on June 30, 2020, and covers the secretaries and the aides/paraprofessionals. A third CBA with Support Personnel Association, whose five-year contract ended on June 30, 2015, is currently in bargaining and is ongoing.

The teachers and administrative agreements provide a benefit for retirees who have retired under certain contracts, an amount of \$12,000 or \$15,000 per year for a 10-year period.

### **Contacting the School District's Financial Management**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the Board of the Directors' accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Mr. Edward Wehrer, Superintendent for the Steel Valley School District, 220 East Oliver Road, Munhall, PA 15120, (412) 464-3600.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION

JUNE 30, 2015

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 11,760,856	\$ 258,798	\$ 12,019,654
Accounts receivable - other	179,829	-	179,829
Taxes receivable, net of allowance for uncollectibles	1,394,795	-	1,394,795
Internal balances	68,638	(64,743)	3,895
Due from other governments	959,403	14,922	974,325
Inventory	-	2,594	2,594
Other assets	-	176	176
Prepaid expenses	257,099	8,773	265,872
Capital assets, not being depreciated	1,453,427	-	1,453,427
Capital assets, net of accumulated depreciation	13,297,871	108,438	13,406,309
<b>Total Assets</b>	29,371,918	328,958	29,700,876
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	215,265	-	215,265
Deferred outflows of resources for pension	4,294,352	-	4,294,352
<b>Total Deferred Outflows of Resources</b>	4,509,617	-	4,509,617
<b>Liabilities</b>			
Accounts payable and other current liabilities	784,216	2,783	786,999
Accrued payroll and benefits	3,090,737	10,031	3,100,768
Accrued interest payable	30,564	-	30,564
Unearned revenues	427	313	740
Noncurrent liabilities:			
Other noncurrent liabilities due within one year	2,069,000	-	2,069,000
Other noncurrent liabilities due in more than one year	17,689,433	-	17,689,433
Discount on bonds	(53,333)	-	(53,333)
OPEB obligations	163,213	-	163,213
Net pension liability	33,209,000	-	33,209,000
<b>Total Liabilities</b>	56,983,257	13,127	56,996,384
<b>Deferred Inflows of Resources</b>			
Deferred inflows of resources for pension	2,374,000	-	2,374,000
<b>Net Position</b>			
Net investment in capital assets	(1,906,399)	108,438	(1,797,961)
Restricted	525,000	-	525,000
Unrestricted	(24,094,323)	207,393	(23,886,930)
<b>Total Net Position</b>	\$ (25,475,722)	\$ 315,831	\$ (25,159,891)

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

	Program Revenues		Net (Expense) Revenue and Change in Net Position	
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities
<b>Primary Government:</b>				
<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Governmental Activities</b>	<b>Primary Government Business-Type Activities</b>
Governmental activities:				
Instructional services:				
Regular instruction	\$ 15,115,381	\$ -	\$ (12,423,098)	\$ -
Special instruction	4,110,350	-	(2,369,294)	(2,369,294)
Vocational instruction	697,965	-	(697,965)	(697,965)
Other instructional programs	197,111	-	(197,111)	(197,111)
Nonpublic school programs	48,237	-	(48,237)	(48,237)
Total instructional services	20,169,044	-	(15,735,705)	(15,735,705)
Support services:				
Pupil personnel	766,014	-	(766,014)	(766,014)
Instructional staff	1,079,749	-	(1,079,749)	(1,079,749)
Administration	2,033,174	-	(2,033,174)	(2,033,174)
Pupil health	329,529	-	(329,529)	(329,529)
Business	405,604	-	(405,604)	(405,604)
Operation and maintenance of plant services	3,351,936	-	(3,351,936)	(3,351,936)
Student transportation services	825,666	-	(665,244)	(665,244)
Central services	313,541	-	(313,541)	(313,541)
Other support services	22,942	-	(22,942)	(22,942)
Total support services	9,128,155	-	(8,967,733)	(8,967,733)
Nominstructional services:				
Student activities	647,405	25,309	(622,096)	(622,096)
Community services	12,986	-	(12,986)	(12,986)
Total nominstructional services	660,391	25,309	(635,082)	(635,082)
Unallocated expenses - excluding direct expenses reported as a function above:				
Interest, amortization, and accretion on long-term debt	834,180	-	(676,278)	(676,278)
Total governmental activities	30,791,770	25,309	(26,014,798)	(26,014,798)

See accompanying notes to financial statements.

(Continued)

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015  
(Continued)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Business-Type Activities:							
Food services	822,393	229,714	614,917	-	-	22,238	22,238
<b>Total Primary Government</b>	<b>\$ 31,614,163</b>	<b>\$ 255,023</b>	<b>\$ 4,208,592</b>	<b>\$ 1,157,988</b>	<b>(26,014,798)</b>	<b>22,238</b>	<b>(25,992,560)</b>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					12,964,684	-	12,964,684
Taxes levied for general purposes					1,848,545	-	1,848,545
Grants, subsidies, and contributions not restricted to specific programs					11,820,107	-	11,820,107
Investment earnings					4,191	80	4,271
Miscellaneous income					76,293	-	76,293
Total general revenues					26,713,820	80	26,713,900
<b>Change in Net Position</b>					699,022	22,318	721,340
<b>Net Position:</b>							
Beginning of year, as restated (See Note 1)							
					(26,174,744)	293,513	(25,881,231)
					<u>\$ (25,475,722)</u>	<u>\$ 315,831</u>	<u>\$ (25,159,891)</u>
							(Concluded)

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## BALANCE SHEET GOVERNMENTAL FUNDS

JUNE 30, 2015

	General Fund	Capital Projects	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 10,066,980	\$ 1,693,876	\$ 11,760,856
Taxes receivable, net of allowance for uncollectibles	1,394,795	-	1,394,795
Accounts receivable - other	179,829	-	179,829
Due from other funds	68,638	1,000,000	1,068,638
Due from other governments	959,403	-	959,403
Prepaid expenses	257,099	-	257,099
<b>Total Assets</b>	<b>\$ 12,926,744</b>	<b>\$ 2,693,876</b>	<b>\$ 15,620,620</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 749,826	\$ 34,390	\$ 784,216
Accrued payroll and benefits	3,090,737	-	3,090,737
Unearned revenue	427	-	427
Due to other funds	1,000,000	-	1,000,000
<b>Total Liabilities</b>	<b>4,840,990</b>	<b>34,390</b>	<b>4,875,380</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - taxes	1,104,005	-	1,104,005
<b>Fund Balance:</b>			
Nonspendable	257,099	-	257,099
Restricted	525,000	-	525,000
Assigned	2,000,000	2,659,486	4,659,486
Committed	2,000,000	-	2,000,000
Unassigned	2,199,650	-	2,199,650
<b>Total Fund Balance</b>	<b>6,981,749</b>	<b>2,659,486</b>	<b>9,641,235</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 12,926,744</b>	<b>\$ 2,693,876</b>	<b>\$ 15,620,620</b>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF POSITION

JUNE 30, 2015

<b>Total Fund Balance - Governmental Funds</b>		<b>\$ 9,641,235</b>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$29,622,738, and the accumulated depreciation is \$14,871,440.</p>		14,751,298
<p>Property taxes receivable are expected to be collected, but are not considered available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.</p>		1,104,005
<p>Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In 2015, these items consist of:</p>		
Bond issue discount of \$91,427, net of amortization of \$38,094	\$ 53,333	
Deferred charge on refunding of \$369,032, net of amortization of \$153,767	<u>215,265</u>	268,598
<p>The actuarially accrued other post-employment benefit (OPEB) obligation for the School District employees is not recorded on the fund financial statements.</p>		(163,213)
<p>The actuarially accrued net pension liability and deferred inflows and outflows of resources for pension for the School District's employees are not recorded on the fund financial statements.</p>		(31,288,648)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund. Additionally, accrued interest payable is not reported as a liability in the fund. Long-term liabilities at year-end consist of:</p>		
Bonds payable, net	(17,548,170)	
Accrued interest on bonds	(30,564)	
Retirement incentive program	(1,511,090)	
Compensated absences	<u>(699,173)</u>	<u>(19,788,997)</u>
<b>Total Net Position - Governmental Activities</b>		<b><u>\$ (25,475,722)</u></b>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2015

	General Fund	Capital Projects	Total
<b>Revenues:</b>			
Local sources	\$ 16,444,710	\$ 168	\$ 16,444,878
State sources	13,418,361	-	13,418,361
Federal sources	1,600,946	-	1,600,946
Total revenues	31,464,017	168	31,464,185
<b>Expenditures:</b>			
Instructional services	18,989,265	-	18,989,265
Support services	9,191,191	-	9,191,191
Operation of noninstructional services	633,219	-	633,219
Debt service:			
Principal and interest payments	1,535,085	-	1,535,085
Capital outlay	-	1,269,470	1,269,470
Total expenditures	30,348,760	1,269,470	31,618,230
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	1,115,257	(1,269,302)	(154,045)
<b>Other Financing Sources (Uses):</b>			
Interfund transfers	(1,750,000)	1,750,000	-
Refunds of prior year receipts	(265)	-	(265)
Other	(7,981)	-	(7,981)
Total other financing sources (uses)	(1,758,246)	1,750,000	(8,246)
<b>Net Change in Fund Balance</b>	(642,989)	480,698	(162,291)
<b>Fund Balance:</b>			
Beginning of year	7,624,738	2,178,788	9,803,526
End of year	\$ 6,981,749	\$ 2,659,486	\$ 9,641,235

See accompanying notes to financial statements.



# STEEL VALLEY SCHOOL DISTRICT

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

**Net Change in Fund Balance - Governmental Funds** \$ (162,291)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (net of deletions) exceeded depreciation expense:

	\$	763,627	
Capital outlays (net of deletions)			
Less: depreciation expense		(526,402)	237,225

In the statement of activities, certain operating expenses for accumulated employee benefits (vacations and sick days) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. (11,065)

The issuance of long-term obligations (e.g., bonds, leases, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term obligations and related items. 1,509,566

Pension benefits not payable from current year resources are not reported as expenditures of the current year. In the statement of activities, these costs represent expenses in the current year. (862,648)

Some taxes and grants will not be collected for several months after the School District's year-end; they are not considered "available" revenues in the governmental funds. Unavailable revenues increased by this amount during the year. 26,607

The actuarially accrued other post-employment benefits (OPEB) obligation for the School District's employees is not recorded on the fund financial statements. The value of this obligation changed by this amount during the year. -

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

		(7,619)	
Net (amortization)/capitalization of bond discount			
Amortization of deferred charge on refunding		(30,753)	(38,372)

**Change in Net Position of Governmental Activities** \$ 699,022

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ 14,826,927	\$ 15,035,571	\$ 16,444,710	\$ 1,409,139
State sources	13,347,329	13,347,329	13,418,361	71,032
Federal sources	1,415,942	1,484,728	1,600,946	116,218
Total revenues	<u>29,590,198</u>	<u>29,867,628</u>	<u>31,464,017</u>	<u>1,596,389</u>
<b>Expenditures:</b>				
Instructional services:				
Regular instruction	12,602,651	12,929,695	14,077,704	(1,148,009)
Special instruction	4,314,765	4,314,765	4,017,261	297,504
Vocational instruction	922,814	922,814	676,387	246,427
Other instructional programs	670,937	670,937	169,676	501,261
Nonpublic school programs	58,091	58,091	48,237	9,854
Pre-kindergarten	1,399	1,399	-	1,399
Total instructional services	<u>18,570,657</u>	<u>18,897,701</u>	<u>18,989,265</u>	<u>(91,564)</u>
Support services:				
Pupil personnel	718,269	718,269	738,216	(19,947)
Instructional staff	990,951	1,014,951	1,057,154	(42,203)
Administration	2,942,010	2,942,010	2,728,686	213,324
Pupil health	294,647	294,647	319,606	(24,959)
Business	374,380	374,380	389,876	(15,496)
Operation and maintenance of plant services	2,607,572	2,607,572	2,795,504	(187,932)
Student transportation services	879,795	879,795	825,666	54,129
Central services	69,312	69,312	313,541	(244,229)
Other support services	23,072	23,072	22,942	130
Total support services	<u>8,900,008</u>	<u>8,924,008</u>	<u>9,191,191</u>	<u>(267,183)</u>
Operation of noninstructional services:				
Student activities	539,959	543,345	620,233	(76,888)
Community services	13,445	13,445	12,986	459
Scholarship awards	250	250	-	250
Total operation of noninstructional services	<u>553,654</u>	<u>557,040</u>	<u>633,219</u>	<u>(76,179)</u>
Debt service	<u>2,035,085</u>	<u>2,035,085</u>	<u>1,535,085</u>	<u>500,000</u>
Capital outlay	-	-	-	-
Total expenditures	<u>30,059,404</u>	<u>30,413,834</u>	<u>30,348,760</u>	<u>65,074</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(469,206)</u>	<u>(546,206)</u>	<u>1,115,257</u>	<u>1,661,463</u>
<b>Other Financing Sources (Uses):</b>				
Interfund transfers	(2,000,000)	(2,000,000)	(1,750,000)	250,000
Other	-	-	(7,981)	(7,981)
Refunds of prior year receipts	-	-	(265)	(265)
Total other financing sources (uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(1,758,246)</u>	<u>241,754</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,469,206)</u>	<u>\$ (2,546,206)</u>	<u>\$ (642,989)</u>	<u>\$ 1,903,217</u>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF NET POSITION PROPRIETARY FUND

JUNE 30, 2015

	Food Service Fund
<b>Assets</b>	
<hr/>	
Current assets:	
Cash and cash equivalents	\$ 258,798
Due from other governments	14,922
Inventory	2,594
Other assets	176
Prepaid expenses	8,773
	<hr/>
Total current assets	285,263
	<hr/>
Non-current assets:	
Capital assets	272,625
Less accumulated depreciation	(164,187)
	<hr/>
Total non-current assets	108,438
	<hr/>
<b>Total Assets</b>	<b>393,701</b>
	<hr/>
<b>Liabilities</b>	
<hr/>	
Accounts payable	2,783
Accrued payroll	10,031
Due to other funds	64,743
Unearned revenue	313
	<hr/>
<b>Total Liabilities</b>	<b>77,870</b>
	<hr/>
<b>Net Position</b>	
<hr/>	
Net investment in capital assets	108,438
Unrestricted	207,393
	<hr/>
<b>Total Net Position</b>	<b>\$ 315,831</b>
	<hr/> <hr/>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUND

YEAR ENDED JUNE 30, 2015

	Food Service Fund
<b>Operating Revenues:</b>	
<u>Food service revenue</u>	<u>\$ 229,714</u>
<b>Operating Expenses:</b>	
Personnel services - salaries	231,037
Personnel services - employee benefits	169,511
Purchased property services	3,485
Other purchased services	1,881
Food and supplies	401,288
Depreciation	12,000
Miscellaneous	3,191
	<u>822,393</u>
Total operating expenses	
	<u>822,393</u>
<b>Net Operating Loss</b>	<b>(592,679)</b>
<b>Non-Operating Revenues (Expenses):</b>	
Interest income	80
State subsidies	64,883
Federal:	
Subsidies	501,473
Donated commodities	48,561
	<u>614,997</u>
Total non-operating revenues (expenses)	
	<u>614,997</u>
<b>Change in Net Position</b>	<b>22,318</b>
<b>Net Position:</b>	
<u>Beginning of year</u>	<u>293,513</u>
End of year	<u>\$ 315,831</u>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF CASH FLOWS PROPRIETARY FUND

YEAR ENDED JUNE 30, 2015

	Food Service Fund
<b>Cash Flows From Operating Activities:</b>	
Cash received from users	\$ 229,564
Cash payments to employees for services	(398,812)
Cash payments to suppliers for goods and services	(404,474)
Net cash used in operating activities	<u>(573,722)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>	
State subsidies	64,554
Federal subsidies	494,625
Net cash provided by noncapital financing activities	<u>559,179</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Purchase of capital assets	<u>(9,104)</u>
<b>Cash Flows From Investing Activities:</b>	
Earnings on investments	<u>80</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(23,567)</u>
<b>Cash and Cash Equivalents:</b>	
Beginning of year	<u>282,365</u>
End of year	<u>\$ 258,798</u>
<b>Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities:</b>	
Net operating loss	\$ (592,679)
Adjustments to reconcile net operating loss to net cash used in operating activities:	
Depreciation	12,000
Donated commodities	48,561
Change in:	
Inventories	3,249
Prepaid expenses	(8,773)
Other assets	(150)
Accounts payable	(5,989)
Other liabilities	(29,941)
Net cash used in operating activities	<u>\$ (573,722)</u>
<b>Non-Cash, Non-Capital Financing Transactions:</b>	
The Food Service Fund received donated commodities from the U.S. Department of Agriculture in the amount of \$48,049 during the year.	

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS

JUNE 30, 2015

	Scholarship Private-Purpose Trust Fund	Activity Funds
<hr/> <b>Assets</b> <hr/>		
Cash and cash equivalents	\$ 38,403	\$ 154,014
<hr/> <b>Liabilities and Net Position</b> <hr/>		
Liabilities:		
Due to other funds	\$ 3,595	\$ 300
Deposits held for others	-	153,714
<b>Total Liabilities</b>	<b>3,595</b>	<b>154,014</b>
Net Position:		
Held in trust for scholarships	34,808	-
<b>Total Liabilities and Net Position</b>	<b>\$ 38,403</b>	<b>\$ 154,014</b>

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND

YEAR ENDED JUNE 30, 2015

	Scholarship Private-Purpose Trust Fund
<b>Additions:</b>	
Revenues:	
Local sources	\$ 3,124
<b>Deductions:</b>	
Current:	
Operation of noninstructional services	3,609
<b>Change in Net Position</b>	(485)
<b>Net Position:</b>	
Beginning of year	35,293
End of year	\$ 34,808

See accompanying notes to financial statements.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with the accounting system and procedures prescribed for school districts by the Commonwealth of Pennsylvania, Department of Education, which conforms to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### Reporting Entity

Steel Valley School District (School District) is governed by an elected nine-member Board of Directors (Board). As required by accounting principles generally accepted in the United States of America, these financial statements present the School District as the entire reporting entity (primary government and component unit). Management has addressed all potential component units. Consistent with applicable guidance, the criteria used by the School District to evaluate the possible inclusion of related entities within its reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the School District reviews the applicability of the following criteria:

The School District is financially accountable for:

1. Organizations that make up the legal entity.
  2. Legally separate organizations if the School District Board appoints a voting majority of the organization's governing body and the School District is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District.
    - a. Impose its Will – If the School District can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
    - b. Financial Benefit or Burden – Exists if the School District (1) is entitled to the organization's resources, (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (3) is obligated in some manner for the debt of the organization.
  3. Organizations that are fiscally dependent on the School District. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the School District.
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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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Certain potential component units were assessed to determine if the significance of their operational or financial relationship with the School District would require inclusion in the reporting entity. The School District presently has no component units that meet the above criteria.

The Boroughs of Munhall, Homestead, and West Homestead (Boroughs) (areas served by the School District) by themselves are primary governments due to the following: the members of their governing bodies are chosen in general elections; each Borough functions as a separate legal entity; and each Borough is fiscally independent. Accordingly, the Boroughs are not a component unit of the School District.

The School District participates in two joint ventures as described in Note 11.

### Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the School District and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the School District is reported separately from the legally separate component unit for which the School District is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a particular function or segment. 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 function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major proprietary fund are reported as separate columns in the fund financial statements.

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. State and federal grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School District. Expenditures are generally recorded when a liability is incurred, under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Amounts reported as program revenues include 1) charges to parents for tuition, 2) operating grants and contributions as required by the Pennsylvania Department of Education, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District's proprietary fund are charges to students and faculty for the sale of food. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

### **Governmental Funds:**

The School District presents the following major governmental funds:

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### General Fund

The General Fund is the principal operating fund of the School District that is used to account for all financial transactions except those required to be accounted for in other funds, covering the majority of School District operations.

### Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction, or repair of major capital facilities other than those financed by the proprietary fund.

### **Proprietary Fund:**

#### Enterprise (Food Service) Fund

The Enterprise Fund is used to account for the food service department operations, which are conducted on a charge for service basis in a manner similar to commercial enterprises. The School District's intent is that the costs of meals to the School District's population be recovered primarily through consumer charges and government subsidies.

### **Fiduciary Funds:**

#### Scholarship Private-Purpose Trust Fund

The Scholarship Private-Purpose Trust Fund is used to account for the School District's Scholarship Trust Funds.

#### Agency Funds

The Student Activity Funds are custodial in nature and do not involve measurement of results of operations. These funds account for the receipt and disbursement of monies for student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the Board.

#### Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the School District.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statement as “internal balances.”

### Deferred Inflows/Outflows of Resources

In addition to assets, the government-wide statement of net position and/or the governmental fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category; the deferred charge on refunding and the deferred outflows of resources related to pensions are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See discussion below regarding the School District’s deferred outflows of resources related to pensions.

In addition to liabilities, the government-wide statement of net position and/or the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District’s deferred inflows of resources include deferred inflows related to pensions reported in the statement of activities and unavailable revenue reported on the balance sheet. See discussion below regarding the School District’s deferred inflows of resources related to pensions. Unavailable revenue is reported only on the balance sheet and represents delinquent property taxes which will not be collected within the available period. This amount will be recognized as an inflow of resources in the period the amounts become available.

### Deferred Inflows and Outflows of Resources Related to Pensions

In conjunction with pension accounting requirements, the effect of the change in the School District’s proportion, the difference between expected and actual investment earnings, and payments made to the Public School Employees’ Retirement System (PSERS) subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions on the government-wide financial statements. These amounts are determined based

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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on the actuarial valuation performed for the PSERS plan. The effect of the change in the School District's proportion is recognized over the average expected remaining service lives of active and inactive members, which was 5.15 years as of June 30, 2013. The difference between expected and actual investment earnings is recognized over five years. Payments subsequent to the measurement date will be recorded as a reduction to the pension liability in the next fiscal year. Note 5 presents additional information about the PSERS plan.

### Inventories

Inventories used in governmental fund types, principally supplies, are accounted for as expenditures when purchased. Amounts on hand at year-end are not significant.

Materials, supplies, and food commodities of the proprietary fund are recorded at latest invoice cost and are subsequently charged to expenditures when consumed.

### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost and donated capital assets are recorded at their fair market values at the time of donation. The School District maintains a capitalization threshold of \$5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

All reported capital assets except for land are depreciated. Depreciation is computed using the straight-line method, over the following useful lives:

Land improvements	5 years
Buildings and improvements	20-50 years
Machinery, equipment, furniture, and vehicles	3-15 years

### Long-Term Obligations

In the government-wide statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, and deferred charges on refunding are deferred and amortized over the

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and deferred charge on refunding.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued 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.

In both the fund and government-wide financial statements issue costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

It is expected that the General Fund will continue to provide funds for the debt service payments.

### Postemployment Benefits

In the government-wide financial statements, long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 5 and 6.

### Fund Balance

In the fund financial statements, governmental funds report fund balance in categories based on the level of restriction placed upon the funds. These levels are as follows:

- Nonspendable – This category represents funds that are not in spendable form and includes prepaid expenditures.
- Restricted – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending that are legally enforceable by outside parties. This category includes funds that are donor restricted for capital improvements costs.
- Committed – This category represents funds that are limited in use due to constraints on purpose and circumstances of spending imposed by the Board. Such commitment is made via a Board resolution and must be made prior to the end of the fiscal year. Removal of this commitment requires a Board resolution. This category includes funds committed for future PSERS obligations of the School District.
- Assigned – This category represents intentions of the School District to use the funds for specific purposes. The Board delegates the authority to assign amounts to be used for specific purposes to the Business Manager. This authority is granted solely for



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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the purpose of reporting these amounts in the annual financial statements. This category includes amounts set aside for real estate tax refunds, health insurance increases, charter school payments, future collective bargaining agreements, and amounts set aside for capital improvements costs.

- Unassigned – This category represents all other funds not otherwise defined.

### Net Position

The government-wide and proprietary fund financial statements are required to report three components of net position:

- Net investment in capital assets – This component of net position consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is included in the same net position component (restricted or unrestricted) as the unspent amount.
- Restricted – The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. As of June 30, 2015, the School District had restricted net position for funds that are donor restricted for capital improvement costs.
- Unrestricted – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of “net investment in capital assets” or the “restricted” components of net position.

### Budgets and Budgetary Accounting

The School District is required by state law to adopt an annual budget for the General Fund. The budget is presented on the modified accrual basis of accounting.

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May of the preceding fiscal year, the School District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. This meeting is held after 30 of days of public notification.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.
4. The budget must be filed with the Pennsylvania Department of Education by July 31 of the fiscal year.

The Public School Code allows the Board to authorize budget transfer amendments between functions during the year. The budget data reflected in the budgetary comparison information includes the effect of such approved budget transfer amendments. The School District's management does not have the authority to approve the budget or any budget transfer amendments. The School District's expenditures may not legally exceed the revised budget amounts by function and object. Accordingly, the legal level of budgetary control is at the object level within each function and fund. Function is defined as a program area such as instructional services, and object is defined as the nature of the expenditure, such as salaries or supplies.

Annual appropriations lapse at year-end. No supplemental appropriations were required during the current fiscal year.

Budgetary control for the capital projects fund is maintained through provisions of related grant agreements and bond indentures.

### Expenditures in Excess of Appropriations and Fund Deficits

The School District exceeded certain budgetary appropriations in the regular instruction, pupil personnel, instructional staff, pupil health, business, operation and maintenance of plant services, central services, and student activities categories of the General Fund. The excess was covered by favorable variances in state, local, and federal revenue categories, and other favorable variances in expenditure categories.

### Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### Adoption of Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*," and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*," were adopted in the current year by the School District. As a result of this implementation, the government-wide net position as of July 1, 2014 was restated with a decrease of \$30,426,000 to record the School District's proportionate share of the PSERS total pension liability. The proportionate share is calculated utilizing the School District's one-year reported covered payroll as it relates to the total one-year reported covered payroll. The pension liability and its related components are described more fully in Note 5.

### Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below. Management has not yet determined the impact of these statements on the financial statements:

GASB Statement No. 72, "*Fair Value Measurement and Application*," is effective for the period beginning after June 15, 2015 (the School District's 2016 fiscal year). This statement addresses accounting and financial reporting issues related to fair value measurements.

GASB Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*," is effective for the period beginning after June 15, 2015 (the School District's 2016 fiscal year) – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for financial statements for the period beginning after June 15, 2016 (the School District's 2017 fiscal year). This statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (those not covered by GASB Statements No. 67 and 68).

GASB Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*," is effective for the period beginning after June 15, 2016 (the School District's 2017 fiscal year). This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. This statement replaces GASB Statement No. 43.

GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," is effective for the period beginning after June 15, 2017 (the School District's 2018 fiscal year). This statement addresses reporting by governments that provide

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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OPEB to their employees and for governments that finance OPEB for employees of other governments. This statement replaces the requirements of GASB Statement No. 45.

GASB Statement No. 76, "*Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," is effective for the period beginning after June 15, 2015 (the School District's 2016 fiscal year). This statement identifies the hierarchy of generally accepted accounting principles (GAAP), reduces this hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes GASB Statement No. 55.

GASB Statement No. 77, "*Tax Abatement Disclosures*," is effective for fiscal years beginning after December 15, 2015 (the School District's 2017 fiscal year). This statement requires state and local governments for the first time to disclose information about tax abatement agreements, and is designed to provide financial statement users with essential information about these agreements and the impact that they have on a government's finances.

## 2. CASH AND CASH EQUIVALENTS

### Deposits

Under Section 440.1 of the Public School Code of 1949, as amended, the School District is permitted to invest funds consistent with sound business practices in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by Federal Deposit Insurance Corporation to the extent such deposits are so insured and, for any amounts above the insured maximum, approved collateral as provided by law is pledged by the depository.

Shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933 provided (a) the funds are invested in the investments listed above, (b) the investment company is

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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managed to maintain its share at a constant net asset value, and (c) the investment company is rated in the highest category by a nationally recognized rating agency.

The deposit and investment policy of the School District adheres to state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or savings accounts, certificates of deposit, or cash equivalents held by a Trustee of the School District. There were no deposits or investments during the year that violated either the state statutes or the policy of the School District.

The following is a description of the School District's deposit and investment risks:

*Credit Risk* - The risk that an issuer or other counterparty to an investment will not fulfill its obligations is called credit risk. A portion of the School District's investments are held in U.S. Government Obligations and are therefore not exposed to this type of risk. These include investments in Pennsylvania School District Liquid Asset Fund (PSDLAF) (described below), which has received an AAA rating from Standard & Poor's.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a formal deposit policy for custodial credit risk. As of June 30, 2015, \$0 of the School District's bank balance of \$1,724 was exposed to custodial credit risk. Deposits are collateralized in accordance with Act 72 of the Pennsylvania state legislature, which requires the institution to pool collateral for all governmental deposits and have the collateral held by an approved custodian in the institution's name. These deposits have a carrying amount of \$2,095 as of June 30, 2015.

### Investments

PSDLAF was established as common law trusts organized under laws of the Commonwealth of Pennsylvania. Shares of the funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools, and municipalities. The purpose of these funds is to enable such governmental units to pool available funds for investment in instruments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949, as amended. The School District's deposits in these pooled funds are not subject to direct custodial credit risk because they are not evidenced by securities that exist in physical or book entry form. These investments are reflected as cash and cash equivalents on the balance sheet and the statement of net position. The fair value of the School District's position in the external investment pools is the same as the value of the pool shares. All investments in an external investment pool that is not SEC-registered are subject to oversight by the Commonwealth of Pennsylvania.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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The School District's pooled investment funds consist of the above-noted PSDLAF accounts. The School District's PSDLAF investments have a maturity of less than 90 days, and a fair market value of \$12,658,594 and carrying amount of \$12,017,559 as of June 30, 2015.

### Fiduciary Fund

The School District maintains bank accounts for the various student activities and scholarship funds. The balance of these accounts is reflected in the statement of fiduciary net position. Revenues and expenditures for student activities and the scholarship funds were \$287,429 and \$276,590, respectively, for the year ended June 30, 2015. As of June 30, 2015, \$0 of the various scholarship funds' bank balances of \$38,403 was exposed to custodial credit risk. The uninsured bank balance is collateralized in accordance with Act 72 of the Pennsylvania State Legislature. The carrying amount of deposits for the scholarship funds is \$38,403 as of June 30, 2015. Investments above include fiduciary fund fair market value of \$157,691 and a carrying amount of \$154,014 for the various student activities accounts as of June 30, 2015.

### **3. REAL ESTATE TAXES**

Real estate taxes are levied each July 1 on the assessed value listed as of January for all real estate located in the School District. These taxes are billed and collected by elected tax collectors of the individual Boroughs within the School District. Taxes paid through August 31<sup>st</sup> are given a 2% discount. Amounts paid after October 31<sup>st</sup> are assessed a 10% penalty. Taxpayers also have the option to pay on three installments at face value. The due dates are August 31, October 31, and December 31. An outside agency collects delinquent real estate taxes and handles the property liens. The lien date is approximately two years after the taxes were originally due.

The levy for fiscal year 2015 was based on assessed value on January 1, 2014 of approximately \$722 million. The tax rate assessed for the year ended June 30, 2015 was equal to 21.31 mills.

There is an ongoing appeal process through which a taxpayer may contest the assessed value of their property. This process could result in the reduction of future assessed values and consequently a loss of tax revenues. Due to the nature of the real estate refund process, the School District generally records refunds at the time the refunds are made back to the taxpayer. At June 30, 2015, there are several major realty assessment appeals pending that have a combined assessed value of \$42,002,400. However, all but one of the appeals is located in the TIF District and any tax refunds will come from TIF funds. As indicated on Page 20, the School District has assigned \$2,000,000 of fund balance; a portion of that assigned fund balance is for potential real estate tax refunds.

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

The real estate tax receivable amount is net of an uncollectible allowance of approximately \$4.4 million.

### 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance at July 1, 2014	Additions	Deletions/ Transfers	Balance at June 30, 2015
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,453,427	\$ -	\$ -	\$ 1,453,427
Total capital assets, not being depreciated	1,453,427	-	-	1,453,427
Capital assets, being depreciated:				
Land and land improvements	1,384,109	39,074	-	1,423,183
Building and improvements	24,014,411	569,042	-	24,583,453
Equipment, furniture, and fixtures	904,356	155,511	-	1,059,867
Vehicles	152,954	-	-	152,954
Library and text books	949,854	-	-	949,854
Total capital assets, being depreciated	27,405,684	763,627	-	28,169,311
Less: accumulated depreciation for:				
Land and land improvements	(1,361,189)	(10,095)	-	(1,371,284)
Building and improvements	(11,450,310)	(466,642)	-	(11,916,952)
Equipment, furniture, and fixtures	(472,920)	(41,284)	-	(514,204)
Vehicles	(110,765)	(8,381)	-	(119,146)
Library and text books	(949,854)	-	-	(949,854)
Total accumulated depreciation	(14,345,038)	(526,402)	-	(14,871,440)
Governmental activities, capital assets, net	\$ 14,514,073	\$ 237,225	\$ -	\$ 14,751,298

The following represents the changes in the School District's Business-Type Activities' fixed assets:

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

	Balance at July 1, 2014	Additions	Deletions/ Transfers	Balance at June 30, 2015
<b>Business-Type Activities:</b>				
Equipment	\$ 263,521	\$ 9,104	\$ -	\$ 272,625
Less: accumulated depreciation for:	(152,187)	(12,000)	-	(164,187)
Business-type activities, capital assets, net	<u>\$ 111,334</u>	<u>\$ (2,896)</u>	<u>\$ -</u>	<u>\$ 108,438</u>

Depreciation expense for the governmental activities was charged to functions/programs of the School District as follows:

### Governmental Activities:

Instructional services:		
Regular		\$ 502,823
Vocational		720
Support services:		
Administration		400
Operation of plant and maintenance services		3,578
Student transportation services		8,381
Noninstructional services:		
Student activities		<u>10,500</u>
		<u>\$ 526,402</u>

## 5. RETIREMENT BENEFITS

### Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability is recorded as a governmental activity expected to be paid from the General Fund.



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### Plan Description

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

### Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% of 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### Health Insurance Premium Assistance Program

In addition, PSERS provides a Health Insurance Premium Assistance Program (Premium Assistance) for all eligible annuitants who qualify and elect to participate. Under this program, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive Premium Assistance, eligible annuitants must obtain their health insurance through either their school employer or the PSERS' Health Options Program. Premium Assistance is not included in the calculation of the net pension liability as it does not qualify under the provisions of GASB Statement No. 68.

### Contributions

#### *Member Contributions:*

The following illustrates the member's contribution as a percent of the member's qualifying compensation:

#### **Active members who joined PSERS prior to July 22, 1983:**

Membership Class T-C	5.25%
Membership Class T-D	6.50%

#### **Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:**

Membership Class T-C	6.25%
Membership Class T-D	7.50%

#### **Members who joined PSERS after June 30, 2001, and before July 1, 2011:**

Membership Class T-D	7.50%
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#### **Members who joined PSERS after June 30, 2011:**

Membership Class T-E*	7.50%
Membership Class T-F**	10.30%

\* Shared risk program could cause future contribution rates to fluctuate between 7.50% and 9.50%.

\*\* Shared risk program could cause future contribution rates to fluctuate between 10.30% and 12.30%.



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### *Employer Contributions:*

The School District's contractually required pension contribution rate for fiscal year ended June 30, 2015 was 20.50% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

In addition, the School District was required to contribute 0.90% of covered payroll to Premium Assistance.

The contribution rate will increase to 25.84% in fiscal year 2016 and is projected to grow to 31.83% by fiscal year 2025.

The School District contributed approximately \$2.612 million to PSERS for the year ended June 30, 2015, which represents its contribution towards pension benefits and Premium Assistance. Approximately \$646,000 is owed to PSERS as of June 30, 2015, which represents the School District's required contribution for the end of year payroll. Contributions are remitted quarterly.

In accordance with Act 29, the Commonwealth of Pennsylvania reimburses school districts for at least one-half of contributions made to PSERS. The School District recorded reimbursements from the Commonwealth of Pennsylvania approximating \$1.525 million during the current year. Because the Commonwealth of Pennsylvania payments are received as a reimbursement, and are not made directly to PSERS, they do not qualify as a special funding situation.

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

At June 30, 2015, the School District reported a liability of \$33.209 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2013 to June 30, 2014. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll. At June 30, 2014, the School District's proportion was .0839%, which was an increase of .0051% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense of \$3.475 million. At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ (2,374,000)
Changes in proportion	1,682,000	-
School District contributions subsequent to the measurement date	2,612,352	-
Total	\$ 4,294,352	\$ (2,374,000)

\$2,612,352 reported as deferred outflows of resources resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (188,000)
2017	(188,000)
2018	(188,000)
2019	(188,000)
2020	60,000
Total	\$ (692,000)

### Actuarial Assumptions

The total pension liability as of June 30, 2014 was determined by rolling forward PSERS' total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.50%, includes inflation at 3.00%
- Salary increases – Effective average of 5.50%, which reflects an allowance for inflation of 3.00%, real wage growth of 1.0%, and merit or seniority increases of 1.50%
- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ending June 30, 2010. The recommended assumption changes based on this experience study were adopted by the PSERS Board at its March 11, 2011 Board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public markets global equity	19%	5.0%
Private markets (equity)	21%	6.5%
Private real estate	13%	4.7%
Global fixed income	8%	2.0%
U.S. long treasuries	3%	1.4%
TIPS	12%	1.2%
High yield bonds	6%	1.7%
Cash	3%	0.9%
Absolute return	10%	4.8%
Risk parity	5%	3.9%
MLPs/infrastructure	3%	5.3%
Commodities	6%	3.3%
Financing (LIBOR)	-9%	1.1%
	<u>100%</u>	

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments 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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rates described above, 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 or one-percentage-point higher than the current rate:

	<u>1% Decrease</u> <u>(6.50%)</u>	<u>Current Discount</u> <u>Rate (7.50%)</u>	<u>1% Increase</u> <u>(8.50%)</u>
School District's proportionate share of the net pension liability	<u>\$ 41,423,000</u>	<u>\$ 33,209,000</u>	<u>\$ 26,195,000</u>

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the PSERS Comprehensive Annual Financial Report, which can be found on the PSERS' website at [www.psers.state.pa.us](http://www.psers.state.pa.us).

## **6. OTHER POST-RETIREMENT BENEFITS (OPEBs)**

### Plan Description

In addition to the pension benefits previously described, the School District provides the following postemployment benefits to those who retired early from the School District prior to fiscal year 2002 with at least ten years of service:

- Teacher and administrators (options a and b): medical, term life, and accidental death and dismemberment (AD&D)

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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- Support staff: medical, dental, and vision

The benefit limits and employee and employer contributions are established through employee contracts and past practices. The plan is not accounted for as a trust fund, an irrevocable trust has not been established, the plan does not issue a separate report, and activity of the plan is reported in the School District's General Fund.

Details of the benefits provided are as follows:

### Teachers and Administrators (Option A)

The School District provides medical, term life, and AD&D in the amount of \$30,000. Coverage ends for both retirees and spouse when retiree reaches 65. Surviving spouse is covered to age 65. Retiree pays any increase in cost after retirement. Life insurance is fully paid for by the School District. Surviving spouse is not eligible for life insurance. There are no current retirees under this option.

### Teachers and Administrators (Option B)

The School District provides medical, term life, and AD&D in the amount of \$30,000. Coverage ends for both retirees and spouse when retiree reaches 65. Surviving spouse is covered to age 65. Retiree pays \$500 per year. Life insurance is fully paid for by the School District. Surviving spouse is not eligible for life insurance. There are no current retirees under this option.

### Teachers and Administrators (Other than Options A & B)

Coverage ends for both retirees and spouse when retiree reaches 65. Surviving spouse is covered to age 65. Retiree pays 100% of rate for coverage tier year. There are currently fifteen retirees under this option.

### Support Staff

The School District provides medical, dental, and vision coverage for three years with no retiree contribution. There are currently four retirees under this option.

### Funding Policy

These benefits are expensed when incurred and are financed on a pay-as-you-go basis. For the year ended June 30, 2015, the School District contributed approximately \$10,000 for current premiums for eligible retirees. Plan members receiving benefits contributed approximately \$1,000 through their required contributions, as described above.

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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### Annual OPEB Cost and Net OPEB Obligation

The School District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a closed period not to exceed 30 years. The following table shows the component of the School District's annual OPEB cost for the year, the amount actually contributed, and changes in the School District's net OPEB obligation:

Annual required contribution	\$ 136,569
Interest on net OPEB obligation	4,896
Adjustment to annual required contribution	<u>(8,084)</u>
Annual OPEB cost	133,381
Prefunding	(23,715)
Contributions made	<u>(109,666)</u>
Increase (decrease) in net OPEB obligation	-
Net OPEB obligation - beginning of year	<u>163,213</u>
Net OPEB obligation - end of year	<u><u>\$ 163,213</u></u>

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed and the net OPEB obligation were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>% of AOC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2015	\$ 133,381	82.22%	\$ 163,213
June 30, 2014	103,157	52.08%	163,213
June 30, 2013	101,069	48.33%	113,784

The ARC for the current year was computed as of July 1, 2014 using the following actuarial assumptions:

- actuarial cost method – projected unit credit;
- amortization method – level dollar;
- amortization period – 30 years;
- discount rate - 3% compounded annually;
- mortality – RP-2014 Mortality Fully Generational using Projection Scale MP-2014;
- health care cost trend rates – increase of 2.8% for 2015, then 9% for 2016, with the rate decreasing by 1% each year thereafter to 5% for 2024 and later; and

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

- dental/vision care cost trend rates - constant increase of 5% and 3%, respectively, per year.

Changes since the July 1, 2011 valuation affecting the ARC include updates to the claim cost assumption and census to reflect current experiences, and an update to the mortality assumption from RP-2000 Mortality Project to 2015 using Projection Scale AA to RP-2014 Mortality Full Generation using Projection Scale MP-2014.

The schedule of funding progress for the postemployment medical and life insurance benefits is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-PUC (b)	Unfunded Actuarial Accrued Liability (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll {(b)-(a)}/(c)
July 1, 2014	\$ -	\$ 1,280,473	\$ 1,280,473	0.0%	1	1

1 - The School District does not offer OPEBs to any current employees; see subsequent discussion on retirement incentive program

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality and the healthcare cost trend. Healthcare cost trend assumptions are based on recent experience and anticipated future cost increases under the School District's medical plans. Amounts determined regarding the funded status and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

### Retirement Incentive Program (Program)

Beginning in fiscal year 2002, any eligible employee electing to retire and participate in the Retirement Incentive Program (Program) qualifies for a \$15,000 retirement incentive each



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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year for ten years. Beginning with the teacher contract effective July 1, 2006, the retirement incentive amount is \$12,000 for new entrants. An eligible employee is defined as anyone who (1) is fifty-five years of age or older with a minimum of ten years of service (fifteen years of service beginning with the 2015-2016 school year) with the School District or (2) who has thirty years of service or greater regardless of age; and who has attained step seventeen or greater on the School District's salary scale. Those employees who elect to participate in the Program must submit to the Superintendent, 120 days prior to the date he/she intends to retire, an irrevocable written notification that he/she will retire. At June 30, 2015, there were 50 retired participants in this Program. Payments related to these benefits of \$834,000 have been made during the year ended June 30, 2015. The total obligation remaining at June 30, 2015 is approximately \$1.5 million (discounted present value) and is to be paid through fiscal year 2024. The School District's liability is measured at the discounted present value of expected future benefit payments. Included in noncurrent liabilities at June 30, 2015 are noncurrent liabilities due within one year of \$699,000 and due in more than one year of \$812,090, related to the Program.

### **7. ACCUMULATED COMPENSATED ABSENCES**

The School District accrues for certain accumulated unused sick and vacation days. The accrual is based on sick and vacation payments that would be available to employees if they left or retired from the School District. The accrual is recorded as a long-term liability in the government-wide financial statements. As of June 30, 2015, the amount accrued for sick and vacation days is \$699,173.

### **8. HEALTH INSURANCE CONSORTIUM**

The School District is one of fifty members of the Allegheny County Schools Health Insurance Consortium (Consortium). The Consortium is a public entity risk pool which affords health care coverage for members' employees on a pooled basis. The School District pays premiums to the Consortium based upon rates established by the trustees of the Consortium. The Consortium establishes rates with the objective of satisfying current costs and claims of covered health care services, as well as maintaining working capital requirements and a Premium Stabilization Fund for periods when actual costs of coverage exceed premiums collected from members. At the end of each fiscal year, actual claims experience is compared with premiums paid. The difference results in either a retroactive refund or charge. Included in the retroactive refund/charge is a calculation for the reserve needed to cover expenses incurred but not yet reported by health providers. Any retroactive charge may be paid from the Premium Stabilization Fund, up to ten percent of total premiums paid. The remainder may be charged to the schools. The School District paid approximately \$3.0 million to the Consortium during fiscal year 2015.



# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

At June 30, 2015, the Consortium's net assets available for benefits approximated \$41.6 million. The School District's share of this amount is approximately \$541,900. The Consortium also maintains a portion of the Premium Stabilization Fund to cover potential future catastrophic losses. Independent insurance coverage for catastrophic losses is not maintained by the Consortium or the School District.

### 9. BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds payable and other long-term liability transactions of the School District for the year ended June 30, 2015:

Balance at July 1, 2014	\$ 18,295,693
Accretion on capital appreciation bonds	607,477
Principal payments	<u>(1,355,000)</u>
Balance at June 30, 2015	<u>\$ 17,548,170</u>

Bonds payable and other long-term liabilities at June 30, 2015 are comprised of the following items:

Description	Interest Rates	Final Maturity	Amount	Due Within One Year
1993 Capital Appreciation Bonds	5.95% - 6.35%	2018	\$ 3,336,792	\$ 1,220,000
2005 Capital Appreciation Bonds	3.30% - 4.93%	2031	7,961,378	50,000
2010 Refunding Series A, B, and C	.600% - 3.25%	2022	<u>6,250,000</u>	<u>90,000</u>
			<u>17,548,170</u>	<u>1,360,000</u>
Retirement incentive program	n/a	2021	1,511,090	699,000
Compensated absences	n/a	n/a	<u>699,173</u>	<u>10,000</u>
Total long-term liabilities			<u>\$ 19,758,433</u>	<u>\$ 2,069,000</u>

Debt service requirements, including interest, are as follows:

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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Years Ending June 30,	Principal Payment	Interest Payment	Total Payment
2016	\$ 1,360,000	\$ 178,383	\$ 1,538,383
2017	1,360,000	176,337	1,536,337
2018	1,365,000	174,143	1,539,143
2019	1,405,000	155,982	1,560,982
2020	1,440,000	119,845	1,559,845
2021-2025	7,095,000	121,318	7,216,318
2026-2030	6,965,000	-	6,965,000
2031-2032	2,780,000	-	2,780,000
	23,770,000	926,008	24,696,008
Unaccreted interest	(6,221,830)	6,221,830	-
	<u>\$ 17,548,170</u>	<u>\$ 7,147,838</u>	<u>\$ 24,696,008</u>

The Series of 1993 General Obligation Bonds (1993 Bonds) were issued to finance certain capital projects and refund all Series of 1991 Bonds and a portion of the Series of 1985 Bonds. During 2004, the School District issued General Obligation Bonds, Refunding Series A, B, and C of 2003 (2003 Bonds) to refund the Current Interest portion of the 1993 Bonds. The remaining 1993 Bonds consist of Capital Appreciation Bonds with an aggregate original issuance amount of \$5,287,879 with annual maturity values of \$1,220,000 due beginning in fiscal year 2008 through fiscal year 2018 to yield rates of 5.95% to 6.35%. The Capital Appreciation Bonds accrue and compound interest on a semiannual basis and are carried at cost plus accrued interest. Total maturity value of the Capital Appreciation Bonds is \$3,660,000 as of June 30, 2015.

During fiscal year 2006, the School District issued General Obligation Bonds, Capital Appreciation Series of 2005 (2005 Bonds) in the principal amount of \$5,398,416. The bond proceeds were issued for the purpose of construction and renovation of various school facilities. Annual maturity values beginning in fiscal year 2007 through fiscal year 2032 yield rates of 3.30% to 4.93%. The 2005 Bonds accrue and compound interest on a semiannual basis and are carried at cost plus accrued interest. Total maturity value of the Capital Appreciation Bonds is \$13,860,000 as of June 30, 2015.

During fiscal year 2011, the School District issued General Obligation Bonds, Refunding Series A of 2003 in the principal amount of \$4,780,000, Refunding Series B of 2003 in the principal amount of \$1,200,000, and Refunding Series C of 2003 in the principal amount of \$660,000. The bond proceeds from Refunding Series A, B, and C of 2010 were used to currently refund the Series A, B, and C of 2003 Bonds respectively. The unamortized

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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balance of the deferred refunding loss is \$215,265 at June 30, 2015. Total maturity value of the Refunding bonds is \$6,250,000 at June 30, 2015.

### 10. INTERFUND RECEIVABLE AND PAYABLE

Interfund transactions at June 30, 2015 are summarized below:

	Interfund Receivable	Interfund Payable
	<u>                    </u>	<u>                    </u>
Major Funds:		
General	\$ 68,638	\$ 1,000,000
Capital Projects	1,000,000	-
Food Service	-	64,743
Fiduciary Funds:		
Scholarship Private-Purpose Trust	-	3,595
Activity Funds	-	300
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 1,068,638</u>	<u>\$ 1,068,638</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Capital Projects interfund receivable was eliminated via a transfer from the General Fund in July 2015.

### 11. JOINT VENTURES

The School District is one of eleven member school districts of the Steel Center Area Vocational-Technical School (Steel Center Vo-Tech). Steel Center Vo-Tech, provides vocational-technical education and training for high school students. Direct oversight of Steel Center Vo-Tech's operations is the responsibility of its Board, which consists of one representative from each participating school district. In addition, the School District is one of ten members of the Southeastern Area Special School (Southeastern). Southeastern, which provides special education and training programs for exceptional children, is controlled and governed by the Joint School Committee, which is composed of representatives from each participating school district. The School District's share of annual operating and capital costs for Steel Center Vo-Tech and Southeastern (collectively known as

# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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Special Schools) fluctuates based on the percentage enrollment in the applicable school and are reflected as expenditures of the General Fund. The School District's contributions to the Steel Center Vo-Tech and Special Schools in the current fiscal year amounted to \$10,784 and \$5,904, respectively. The School District's portion of the net current assets of the Steel Center Vo-Tech and Special Schools at June 30, 2015 is to be used to fund future years' operations and the amounts are not material to the financial statements of the School District. Separate financial statements for the Special Schools are available at the administrative offices of the School District.

### 12. TAX INCREMENTAL FINANCING PROJECT

The School District, along with boroughs served by the School District and Allegheny County, have agreed to participate in a Tax Incremental Financing (TIF) Project related to commercial development for a tract of land along the Monongahela River known as the Waterfront. The taxing bodies have agreed to pay to the Waterfront Project incremental real estate tax revenues created by the Project for payment of the debt service incurred to develop the Project. Net tax revenues after debt service are shared with the participating taxing entities. Of the total real estate taxes collected, \$4,951,965 related to the TIF District. During the 2015 fiscal year, the School District recorded an additional amount of approximately \$3.64 million from their portion of net tax revenues after debt services payments were satisfied.

### 13. CONTINGENCIES

The School District is involved in claims and lawsuits incidental to its operations. In the opinion of the Administration, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the School District.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

The School District maintains insurance through independent insurance carriers for all types of business losses. Management believes the insurance coverage is sufficient to cover the School District against potential losses. There have been no significant changes in insurance coverage from the prior fiscal year.

In 2016, due to a Commonwealth of Pennsylvania budget impasse, certain grant funding received from the Department of Education has been frozen. This budget impasse,

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# STEEL VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

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depending on its duration, could have a significant impact on the School District's financial condition. The effects of the budget impasse on the School District cannot be determined at this time.

### **14. SUBSEQUENT EVENTS**

On August 13, 2015, the School District issued General Obligation Notes, Series A, Series B, and Series C of 2015 (2015 Notes) in the amount of \$6,210,000. The purpose of this issue was to currently refund the General Obligation Bonds, Series A, Series B, and Series C of 2010 and to pay all costs and expenses incurred by the School District in connection with the issuance of the 2015 Notes. The 2015 notes bear interest at 1.87%. The Series A and Series B of 2015 Notes are scheduled to mature on November 21, 2021, and the Series C of 2015 Note is scheduled to mature on November 21, 2022. The refunding was completed to reduce the School District's debt service payments by approximately \$216,000 and to obtain economic gain (difference between present values of old debt and new debt service payments) of approximately \$190,000.

**Required Supplementary  
Information**

# STEEL VALLEY SCHOOL DISTRICT

## SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years\*

	<u>2015</u>
School District's proportion of the net pension liability	0.0839%
School District's proportionate share of the net pension liability	\$ 33,209,000
School District's covered-employee payroll	\$ 10,704,703
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	310.2281%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	57.2382%

\* The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

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## SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS

Last 10 Fiscal Years\*\*

	<u>2015</u>
Contributions recognized by PSERS	\$ 2,276,902
School District's covered employee payroll	\$ 11,429,596
Contributions as a percentage of covered-employee payroll	19.92%

\*\* The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the School District is presenting information for those years only for which information is available.

# STEEL VALLEY SCHOOL DISTRICT

## POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) SCHEDULE OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL)	Unfunded		Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
			Actuarial Liability (UAAL)	Actuarial Accrued			
7/1/14	\$ -	\$ 1,280,473	\$ 1,280,473		0%	1	1
7/1/11	-	1,013,249	1,013,249		0%	1	1
7/1/08	-	544,813	544,813		0%	1	1

1 - The School District does not offer OPEBs to current employees



# STEEL VALLEY SCHOOL DISTRICT

## POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEBs) FACTORS AND TRENDS USED IN ACTUARIAL VALUATION

YEAR ENDED JUNE 30, 2015

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Actuarial valuation date	7/1/2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar
Amortization period	30 years
Actuarial assumptions:	
Investment rate of return	4.50%
Annual trend rates for OPEB Costs:	

<u>Year</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
2014-2015	2.8%	5.0%	3.0%
2016-2017	9.0%	5.0%	3.0%
2018-2019	8.0%	5.0%	3.0%
2020-2021	7.0%	5.0%	3.0%
2022-2023	6.0%	5.0%	3.0%
2024 and after	5.0%	5.0%	3.0%

Monthly rates for July 1, 2014 - June 30, 2015:

	Medical	Dental	Vision
Individual	\$ 547.36	\$ 26.21	\$ 4.22
Parent/Child	1,227.20	86.18	9.96
Parent/Children	1,349.91	86.18	9.96
Husband/Wife	1,486.94	86.18	9.96
Family	1,546.01	86.18	9.96

## **Supplementary Information**

# STEEL VALLEY SCHOOL DISTRICT

## COMBINING BALANCE SHEET ALL AGENCY FUNDS

JUNE 30, 2015

	Student Activities	Middle School	Total
<hr/>			
<b>Assets</b>			
Cash and cash equivalents	\$ 114,849	\$ 39,165	\$ 154,014
	<hr/>	<hr/>	<hr/>
<hr/>			
<b>Liabilities</b>			
Due to other funds	\$ 300	\$ -	\$ 300
Deposits held for others	114,549	39,165	153,714
	<hr/>	<hr/>	<hr/>
<b>Total Liabilities</b>	<b>\$ 114,849</b>	<b>\$ 39,165</b>	<b>\$ 154,014</b>
	<hr/>	<hr/>	<hr/>

# STEEL VALLEY SCHOOL DISTRICT

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

YEAR ENDED JUNE 30, 2015

	Balance at June 30, 2014	Additions	Deletions	Balance at June 30, 2015
<b>Student Activities:</b>				
<hr/>				
Assets:				
Cash and cash equivalents	\$ 105,473	\$ 210,169	\$ 200,793	\$ 114,849
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Deposits held for others	\$ 105,473	\$ 210,169	\$ 200,793	\$ 114,849
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Middle School:</b>				
<hr/>				
Assets:				
Cash and cash equivalents	\$ 37,217	\$ 74,136	\$ 72,188	\$ 39,165
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Deposits held for others	\$ 37,217	\$ 74,136	\$ 72,188	\$ 39,165
	<hr/>	<hr/>	<hr/>	<hr/>

# STEEL VALLEY SCHOOL DISTRICT

## SCHEDULE OF REAL ESTATE TAXES

YEAR ENDED JUNE 30, 2015

	West Homestead Borough	Munhall Borough	Homestead Borough	Total
<b>Current Taxes</b>				
Real Estate Valuation	\$ 163,423,425	\$ 373,257,559	\$ 185,585,445	\$ 722,266,429
Taxes Assessed:				
Real estate (21.31 mills)	\$ 3,482,553	\$ 7,954,119	\$ 3,954,826	\$ 15,391,498
Additions	-	78,604	-	78,604
Penalties	1,403	9,985	1,238	12,626
Total taxes assessed	3,483,956	8,042,708	3,956,064	15,482,728
Deductions:				
Tax collections	(3,139,794)	(6,015,237)	(3,544,117)	(12,699,148)
Homestead exemption	(150,682)	(717,047)	(100,382)	(968,111)
Exonerations	-	(35,293)	-	(35,293)
Discounts allowed	(57,209)	(119,132)	(65,837)	(242,178)
Total deductions	(3,347,685)	(6,886,709)	(3,710,336)	(13,944,730)
Unpaid taxes at June 30, 2015	\$ 136,271	\$ 1,155,999	\$ 245,728	\$ 1,537,998
<b>Delinquent Taxes</b>				
Delinquent taxes at July 1, 2014				\$ 5,161,471
Add: 2014 - 2015 unpaid taxes				1,537,998
Total taxes collectible				6,699,469
Deductions:				
Tax collections				(915,420)
Adjustments to face amount due to either court order, assessment change, or proof of payment				(264,024)
Total deductions				(1,179,444)
Delinquent taxes at June 30, 2015				5,520,025
Less: estimate for uncollectibles				(4,416,020)
Delinquent taxes estimated receivable at June 30, 2015				\$ 1,104,005

Note: Delinquent tax information is not available on a by Borough basis for June 30, 2015.

# STEEL VALLEY SCHOOL DISTRICT

## SCHEDULE OF MONTHLY REAL ESTATE TAX COLLECTIONS

YEAR ENDED JUNE 30, 2015

	West Homestead Borough	Munhall Borough	Homestead Borough	Total
	<u>Monthly Real Estate Tax Collections</u>			
July 2014	\$ 247,956	\$ 921,388	\$ 193,923	\$ 1,363,267
August 2014	218,575	1,456,648	316,474	1,991,697
September 2014	957,138	2,284,269	134,079	3,375,486
October 2014	77,379	288,933	27,972	394,284
November 2014	40,746	163,242	41,061	245,049
December 2014 - February 2015	209,422	359,945	62,042	631,409
Total monthly collections	<u>\$ 1,751,216</u>	<u>\$ 5,474,425</u>	<u>\$ 775,551</u>	<u>\$ 8,001,192</u>
TIF District collections remitted to other entities	<u>\$ 1,387,024</u>	<u>\$ 789,111</u>	<u>\$ 2,775,830</u>	<u>\$ 4,951,965</u>

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2015

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
<b>Local sources:</b>				
Current real estate taxes	\$ 11,367,050	\$ 11,367,050	\$ 11,627,482	\$ 260,432
Public utility realty tax	17,500	17,500	18,876	1,376
Payments in lieu of current taxes - state/local reimbursement	500	500	16,961	16,461
Current Act 511 taxes - flat rate assessments	27,980	27,980	34,902	6,922
Current Act 511 taxes - proportional assessments	1,602,000	1,602,000	1,777,806	175,806
Delinquencies on taxes levied - assessed by LEA	1,375,000	1,375,000	1,310,595	(64,405)
Earnings on investments	12,200	12,200	4,023	(8,177)
Revenues from district activities	-	-	25,309	25,309
Revenue from intermediary sources - pass-through funds	358,700	358,700	394,475	35,775
Rentals	9,900	9,900	24,210	14,310
Contributions/donations/grants from private sources	-	208,644	1,157,988	949,344
Tuition from patrons	10,000	10,000	10,511	511
Refunds and other miscellaneous revenue	46,097	46,097	41,572	(4,525)
Total local sources	<u>14,826,927</u>	<u>15,035,571</u>	<u>16,444,710</u>	<u>1,409,139</u>
<b>State sources:</b>				
Basic education funding (gross)	8,572,770	8,572,770	8,554,243	(18,527)
Special education funding for school aged pupils	1,304,510	1,304,510	1,279,930	(24,580)
Transportation (regular and additional)	129,000	129,000	160,422	31,422
Rental and sinking fund payments - building reimbursement subsidy	161,530	161,530	157,902	(3,628)
Health services (medical, dental, nurse, Act 25)	35,263	35,263	-	(35,263)
State property tax reduction allocation	968,684	968,684	968,684	-
PA accountability grants	455,788	455,788	-	(455,788)
Ready to learn block grant	-	-	285,034	285,034
State share of Social Security and Medicare taxes	502,000	502,000	486,749	(15,251)
State share of retirement contributions	1,217,784	1,217,784	1,525,397	307,613
Total state sources	<u>13,347,329</u>	<u>13,347,329</u>	<u>13,418,361</u>	<u>71,032</u>
<b>Federal sources:</b>				
NCLB, Title I - Improving the Academic Achievement of the Disadvantaged	1,185,223	1,185,223	1,406,021	220,798
NCLB, Title II - Preparing, Training, and Recruitment Highly Qualified Teachers and Principals	128,619	128,619	128,274	(345)
Other restricted federal grants-in-aid through the Commonwealth	-	68,786	-	(68,786)
Medical assistance reimbursement for administrative claiming (quarterly)	2,100	2,100	6,278	4,178
Medical assistance reimbursement (ACCESS) - early intervention	100,000	100,000	60,373	(39,627)
Total federal sources	<u>1,415,942</u>	<u>1,484,728</u>	<u>1,600,946</u>	<u>116,218</u>
<b>Other financing sources:</b>				
Sale of bonds	-	-	-	-
Special revenue fund transfers	-	-	-	-
Sale or compensation for loss of fixed assets	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>29,590,198</u>	<u>29,867,628</u>	<u>31,464,017</u>	<u>1,596,389</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
<b>Regular programs - elementary/secondary:</b>				
Personnel services - salaries	6,678,537	6,678,537	7,163,865	(485,328)
Personnel services - employee benefits	3,527,789	3,527,789	3,813,927	(286,138)
Purchased professional and technical services	63,310	66,185	94,150	(27,965)
Purchased property services	15,000	15,000	-	15,000
Other purchased services	1,771,805	1,771,805	1,959,587	(187,782)
Supplies	405,261	547,899	422,197	125,702
Property	140,949	322,480	623,978	(301,498)
Other objects	-	-	-	-
Total regular instruction	<u>12,602,651</u>	<u>12,929,695</u>	<u>14,077,704</u>	<u>(1,148,009)</u>
<b>Special programs - elementary/secondary:</b>				
Personnel services - salaries	1,150,087	1,150,087	1,318,085	(167,998)
Personnel services - employee benefits	767,250	767,250	835,726	(68,476)
Purchased professional and technical services	328,800	328,800	57,748	271,052
Purchased property services	-	-	-	-
Other purchased services	2,051,628	2,051,628	1,777,852	273,776
Supplies	14,000	14,000	6,609	7,391
Property	3,000	3,000	21,241	(18,241)
Total special instruction	<u>4,314,765</u>	<u>4,314,765</u>	<u>4,017,261</u>	<u>297,504</u>

(Continued)

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2015  
(Continued)

<u>Expenditures (Continued):</u>	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Instruction (continued):</u>				
Vocational education:				
Personnel services - salaries	295,163	295,163	139,572	155,591
Personnel services - employee benefits	156,742	156,742	89,929	66,813
Purchased property services	500	500	506	(6)
Other purchased services	434,409	434,409	434,804	(395)
Supplies	12,000	12,000	11,576	424
Property	24,000	24,000	-	24,000
Total vocational services	922,814	922,814	676,387	246,427
Other instructional programs - elementary/secondary:				
Personnel services - salaries	395,307	395,307	82,806	312,501
Personnel services - employee benefits	209,900	209,900	42,294	167,606
Purchased professional and technical services	35,920	35,920	12,928	22,992
Other purchased services	13,000	13,000	-	13,000
Supplies	16,810	16,810	31,648	(14,838)
Total other instructional programs - elementary/secondary	670,937	670,937	169,676	501,261
Nonpublic school programs:				
Purchased professional and technical services	58,091	58,091	48,237	9,854
Pre-kindergarten:				
Supplies	1,399	1,399	-	1,399
Total instructional services	18,570,657	18,897,701	18,989,265	(91,564)
<u>Support services:</u>				
Pupil personnel:				
Personnel services - salaries	365,287	365,287	397,596	(32,309)
Personnel services - employee benefits	213,982	213,982	240,962	(26,980)
Purchased professional and technical services	128,000	128,000	95,317	32,683
Other purchased services	2,700	2,700	682	2,018
Supplies	7,900	7,900	3,659	4,241
Property	400	400	-	400
Total pupil personnel	718,269	718,269	738,216	(19,947)
Instructional staff:				
Personnel services - salaries	341,248	341,248	325,685	15,563
Personnel services - employee benefits	159,507	159,507	155,720	3,787
Purchased professional and technical services	146,829	146,829	217,691	(70,862)
Purchased property services	96,367	96,367	88,112	8,255
Other purchased services	22,400	22,400	23,663	(1,263)
Supplies	104,500	104,500	113,083	(8,583)
Property	120,100	144,100	133,200	10,900
Total instructional staff	990,951	1,014,951	1,057,154	(42,203)
<u>Administration:</u>				
Personnel services - salaries	1,841,126	1,841,126	1,686,420	154,706
Personnel services - employee benefits	656,495	656,495	462,629	193,866
Purchased professional and technical services	324,910	324,910	323,809	1,101
Other purchased services	42,379	42,379	78,530	(36,151)
Supplies	20,100	20,100	20,654	(554)
Property	57,000	57,000	156,644	(99,644)
Total administration	2,942,010	2,942,010	2,728,686	213,324
<u>Pupil health:</u>				
Personnel services - salaries	133,783	133,783	140,424	(6,641)
Personnel services - employee benefits	75,889	75,889	79,785	(3,896)
Purchased professional and technical services	78,100	78,100	95,197	(17,097)
Purchased property services	550	550	-	550
Other purchased services	500	500	423	77
Supplies	3,775	3,775	3,293	482
Property	2,050	2,050	484	1,566
Total pupil health	294,647	294,647	319,606	(24,959)

(Continued)



# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2015  
(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Support services (continued):				
Business:				
Personnel services - salaries	217,444	217,444	224,595	(7,151)
Personnel services - employee benefits	134,236	134,236	135,596	(1,360)
Purchased professional and technical services	-	-	580	(580)
Other purchased services	17,500	17,500	22,876	(5,376)
Supplies	3,200	3,200	3,469	(269)
Property	1,000	1,000	-	1,000
Other objects	1,000	1,000	2,760	(1,760)
Total business	374,380	374,380	389,876	(15,496)
Operation and maintenance of plant services:				
Personnel services - salaries	629,689	629,689	649,993	(20,304)
Personnel services - employee benefits	450,095	450,095	423,392	26,703
Purchased professional and technical services	453,220	453,220	496,364	(43,144)
Purchased property services	264,290	264,290	427,438	(163,148)
Other purchased services	75,878	75,878	76,113	(235)
Supplies	726,500	726,500	709,244	17,256
Property	7,500	7,500	12,705	(5,205)
Other objects	400	400	255	145
Total operation and maintenance of plant services	2,607,572	2,607,572	2,795,504	(187,932)
Student transportation services:				
Purchased property services	72,795	72,795	65,387	7,408
Other purchased services	807,000	807,000	760,279	46,721
Total student transportation services	879,795	879,795	825,666	54,129
Central services:				
Purchased property services	41,500	41,500	39,376	2,124
Supplies	27,812	27,812	27,812	-
Property	-	-	246,353	(246,353)
Total central services	69,312	69,312	313,541	(244,229)
Other support services:				
Other purchased services	23,072	23,072	22,942	130
Total other support services	23,072	23,072	22,942	130
Total support services	8,900,008	8,924,008	9,191,191	(267,183)

(Continued)

# STEEL VALLEY SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2015

(Continued)

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures (Continued):</b>				
Student activities:				
Personnel services - salaries	281,069	281,069	307,846	(26,777)
Personnel services - employee benefits	49,295	49,295	84,211	(34,916)
Purchased professional and technical services	42,000	42,000	43,380	(1,380)
Purchased property services	10,000	10,000	4,050	5,950
Other purchased services	78,600	78,600	70,743	7,857
Supplies	50,000	50,000	85,400	(35,400)
Property	21,795	25,181	21,843	3,338
Other objects	7,200	7,200	2,760	4,440
Total student activities	<u>539,959</u>	<u>543,345</u>	<u>620,233</u>	<u>(76,888)</u>
Community services:				
Other purchased services	13,445	13,445	12,986	459
Supplies	-	-	-	-
Total community services	<u>13,445</u>	<u>13,445</u>	<u>12,986</u>	<u>459</u>
Scholarship awards:				
Other objects	250	250	-	250
Total scholarship awards	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Total operation of noninstructional services	<u>553,654</u>	<u>557,040</u>	<u>633,219</u>	<u>(76,179)</u>
Other expenditures and financing uses				
Debt service:				
Other objects	1,586,842	1,586,842	1,535,085	51,757
Other uses of funds	448,243	448,243	8,246	439,997
Total debt service	<u>2,035,085</u>	<u>2,035,085</u>	<u>1,543,331</u>	<u>491,754</u>
Interfund transfers - out				
Other uses of funds	2,000,000	2,000,000	1,750,000	250,000
Total other expenditures and financing uses	<u>4,035,085</u>	<u>4,035,085</u>	<u>3,293,331</u>	<u>741,754</u>
Total expenditures	<u>32,059,404</u>	<u>32,413,834</u>	<u>32,107,006</u>	<u>306,828</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(2,469,206)</u>	<u>(2,546,206)</u>	<u>(642,989)</u>	<u>1,903,217</u>
<b>Net Change in Fund Balance</b>	<u>(2,469,206)</u>	<u>(2,546,206)</u>	<u>(642,989)</u>	<u>1,903,217</u>
Budgetary reserve	(200,000)	(11,075)	-	11,075
<b>Net Change in Fund Balance After Budgetary Reserve</b>	<u>\$ (2,669,206)</u>	<u>\$ (2,557,281)</u>	<u>\$ (642,989)</u>	<u>\$ 1,914,292</u>

(Concluded)

# STEEL VALLEY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass-Through Grantor / Project Title	Federal CFDA Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received For the Year	Accrued (Deferred) Revenue at July 1, 2014	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2015
<b>U.S. Department of Education</b>									
Passed Through the Pennsylvania Department of Education:									
Title I Grants to Local Educational Agencies									
Title I - Set Aside									
84.010		013-150419	7/1/14-9/30/15	\$ 671,340	\$ 528,134	\$ -	\$ 638,565	\$ 638,565	\$ 110,431
84.010		013-140419	7/1/14-9/30/15	83,386	83,386	-	83,159	83,159	(427)
					611,720	-	721,724	721,724	110,004
Total Title I Cluster									
84.371		143-120419	10/1/14-9/30/15	505,489	463,365	-	505,489	505,489	42,124
84.371		143-120419	10/1/13-9/30/14	534,817	133,704	(45,104)	178,808	178,808	-
					597,069	(45,104)	684,297	684,297	42,124
Total Striving Readers									
84.367		020-150419	7/1/14-9/30/15	128,274	111,267	-	128,274	128,274	17,007
84.367		020-140419	7/1/13-9/30/14	128,619	8,331	60,022	-	-	51,691
					119,598	60,022	128,274	128,274	68,698
Total Improving Teacher Quality State Grants									
Passed Through the Allegheny Intermediate Unit:									
Special Education - Preschool Grants (IDEA, Section 619)									
Special Education - Grants to States (IDEA, Part B)									
84.173		RA 062-14-0-003	7/1/14-6/30/15	2,192	2,192	-	2,192	2,192	-
84.027		RA 062-15-0-003	7/1/14-6/30/15	392,283	392,283	-	392,283	392,283	-
					394,475	-	394,475	394,475	-
Total IDEA Cluster									
Total U.S. Department of Education									
<b>U.S. Department of Agriculture</b>									
Passed Through the Pennsylvania Department of Education:									
School Breakfast Program									
National School Lunch Program									
10.553		363/367	7/1/14-6/30/15	n/a	84,835	1,259	85,999	85,999	2,423
10.553		362	7/1/14-6/30/15	n/a	409,790	6,073	415,474	415,474	11,757
					494,625	7,332	501,473	501,473	14,180
Total Child Nutrition Cluster									
Passed Through the Pennsylvania Department of Agriculture:									
National School Lunch Program (Commodities)									
10.553		n/a	7/01/14-6/30/15	n/a	48,049	(825)	48,561	48,561	(313)
Total U.S. Department of Agriculture									
<b>U.S. Department of Health and Human Services</b>									
Passed Through the Allegheny Intermediate Unit:									
Medical Assistance Program									
93.778		n/a	n/a	n/a	6,278	-	6,278	6,278	-
Total Expenditures of Federal Awards									
Notes to Schedule of Expenditures of Federal Awards:									
1. The schedule was prepared using the modified accrual basis of accounting. Expenditures were recognized as liabilities when incurred.									
2. RECONCILIATION TO FEDERAL SUBSIDY CONFIRMATION:									
Total received for the year					\$ 2,271,814				
Plus: amounts not required to be reported on the Schedule of Expenditures of Federal Awards:									
Less: amounts received from other grantor agencies:									
Food Nutrition Service					26,346				
Medical Assistance - Access					60,373				
Donated commodities					(48,049)				
IDEA					(394,475)				
Medical Assistance - Access					(6,278)				
Total receipts per confirmation from Pennsylvania Department of Education					\$ 1,909,931				\$ 234,693