



Mary Taylor, CPA  
Auditor of State



**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Struthers City School District  
Mahoning County  
99 Euclid Avenue  
Struthers, Ohio 44471

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Struthers City School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Struthers City School District, Mahoning County, Ohio, as of June 30, 2007, and the respective changes in financial position, thereof and the budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

February 15, 2009

**Struthers City School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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This discussion and analysis of Struthers City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2007 are as follows:

- In total, net assets increased by \$1,877,825, which represents an 8.9 percent increase from fiscal year 2006.
- Revenues for governmental activities totaled \$20,046,347 in fiscal year 2007. Of this total, 80.2 percent consisted of general revenues while program revenues accounted for the balance of 19.8 percent.
- Program expenses totaled \$18,168,522. Instructional expenses made up 66.0 percent of this total while support services accounted for 25.7 percent. Other expenses rounded out the remaining 8.3 percent.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$15,092,721 in revenues and \$13,625,993 in expenditures. During fiscal year 2007, the general fund's fund deficit decreased \$1,466,728 from \$1,730,736 to \$264,008.
- The District's other major governmental fund is the bond retirement fund. The bond retirement fund had \$1,581,021 in revenues and \$1,601,255 in expenditures. During fiscal year 2007, the bond retirement fund balance decreased \$20,234 from \$1,641,043 to \$1,620,809.

**Using this Annual Financial Report**

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

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

**Struthers City School District**  
Mahoning County, Ohio

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*Unaudited*

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**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially in fiscal year 2007?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual 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 assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

In the Statement of Net Assets and the Statement of Activities, all activities of the School District are classified as governmental. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund.

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

**Proprietary Funds** The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund, accounts for the self-insurance of dental and vision benefits.



## Struthers City School District

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited*

**Fiduciary Funds** The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

### The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2007 compared to 2006:

**Table 1**  
Net Assets  
Governmental Activities

	2007	2006	Change
<b>Assets</b>			
Current and Other Assets	\$10,902,637	\$8,467,593	\$2,435,044
Capital Assets	26,774,756	28,015,150	(1,240,394)
<i>Total Assets</i>	<u>37,677,393</u>	<u>36,482,743</u>	<u>1,194,650</u>
<b>Liabilities</b>			
Current Liabilities	7,979,279	7,140,750	838,529
Long-Term Liabilities			
Due within One Year	581,358	1,723,034	(1,141,676)
Due in More than One Year	6,108,105	6,488,133	(380,028)
<i>Total Liabilities</i>	<u>14,668,742</u>	<u>15,351,917</u>	<u>(683,175)</u>
<b>Net Assets</b>			
Invested in Capital Assets			
Net of Related Debt	21,693,095	22,467,905	(774,810)
Restricted	2,335,004	2,399,832	(64,828)
Unrestricted (Deficit)	(1,019,448)	(3,736,911)	2,717,463
<i>Total Net Assets</i>	<u>\$23,008,651</u>	<u>\$21,130,826</u>	<u>\$1,877,825</u>

Total assets increased by \$1,194,650. The majority of this increase can be attributed to a \$1,068,234 increase in property taxes receivable, which is the result of a 5 year 6.9 mill general operating levy that was passed in May of 2006 by the District's voters.

Total liabilities decreased by \$683,175. The majority of this decrease was due to a reduction in principal owed on long-term debt and short-term notes payable.

By comparing assets and liabilities, one can see the overall position of the School District has improved as evidenced by the increase in net assets of \$1,877,825.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$16,072,199 or 80.2 percent of the total revenue. The most significant portion of the general revenue is local property tax. The remaining amount of revenue received was in the form of program revenues, which equaled \$3,974,148 or 19.8 percent of total revenue.

**Struthers City School District**  
Mahoning County, Ohio

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Table 2 shows the changes in net assets for fiscal year 2007.

**Table 2**  
Change in Net Assets  
Governmental Activities

	2007	2006	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$1,369,694	\$1,092,086	\$277,608
Operating Grants and Contributions	2,590,781	2,536,609	54,172
Capital Grants and Contributions	13,673	23,040	(9,367)
<i>Total Program Revenues</i>	<u>3,974,148</u>	<u>3,651,735</u>	<u>322,413</u>
<b>General Revenues</b>			
Property Taxes	5,413,656	4,669,033	744,623
Intergovernmental	10,350,233	10,242,091	108,142
Investment Earnings	75,610	51,570	24,040
Miscellaneous	232,700	76,587	156,113
<i>Total General Revenues</i>	<u>16,072,199</u>	<u>15,039,281</u>	<u>1,032,918</u>
<i>Total Revenues</i>	<u>20,046,347</u>	<u>18,691,016</u>	<u>1,355,331</u>
<b>Program Expenses</b>			
Current:			
Instruction	11,984,321	12,100,733	(116,412)
Support Services:			
Pupils	669,458	659,646	9,812
Instructional Staff	222,907	326,165	(103,258)
Board of Education	88,922	63,281	25,641
Administration	1,115,347	1,351,878	(236,531)
Fiscal	433,179	374,273	58,906
Business	50,140	51,093	(953)
Operation and Maintenance of Plant	1,750,804	1,598,194	152,610
Pupil Transportation	328,846	321,592	7,254
Central	18,190	94,164	(75,974)
Operation of Non-Instructional Services	133,232	144,359	(11,127)
Operation of Food Services	651,770	680,179	(28,409)
Extracurricular Activities	427,307	389,488	37,819
Interest and Fiscal Charges	294,099	325,625	(31,526)
<i>Total Program Expenses</i>	<u>18,168,522</u>	<u>18,480,670</u>	<u>(312,148)</u>
<i>Increase in Net Assets</i>	1,877,825	210,346	1,667,479
Net Assets Beginning of Year	21,130,826	20,920,480	210,346
<i>Net Assets End of Year</i>	<u>\$23,008,651</u>	<u>\$21,130,826</u>	<u>\$1,877,825</u>

**Struthers City School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
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**Governmental Activities**

Net assets of the District's governmental activities increased \$1,877,825. Total governmental expenses of \$18,168,522 were offset by program revenues of \$3,974,148 and general revenues of \$16,072,199. Program revenues supported 21.9 percent of total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 78.6 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instructional expenses totaled \$11,984,321 or 66.0 percent of total governmental expenses for fiscal year 2007.

The Statement of Activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
Total and Net Cost of Program Services  
Governmental Activities

	2007		2006	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$8,893,583	\$7,674,727	\$8,990,588	\$7,728,995
Special	1,560,576	611,148	1,658,001	937,098
Vocational	505,877	472,334	389,974	331,040
Other	1,024,285	882,771	1,062,170	999,361
Support Services:				
Pupils	669,458	574,215	659,646	638,043
Instructional Staff	222,907	196,485	326,165	150,139
Board of Education	88,922	64,757	63,281	39,599
Administration	1,115,347	954,456	1,351,878	1,263,958
Fiscal	433,179	402,627	374,273	359,837
Business	50,140	46,798	51,093	51,093
Operation and Maintenance of Plant	1,750,804	1,649,508	1,598,194	1,598,194
Pupil Transportation	328,846	293,968	321,592	289,137
Central	18,190	10,368	94,164	78,094
Operation of Non-Instructional Services	133,232	6,740	144,359	(2,119)
Food Service Operation	651,770	(86,756)	680,179	(59,688)
Extracurricular Activities	427,307	146,129	389,488	100,529
Interest and Fiscal Charges	294,099	294,099	325,625	325,625
<i>Total Expenditures</i>	<u>\$18,168,522</u>	<u>\$14,194,374</u>	<u>\$18,480,670</u>	<u>\$14,828,935</u>

The dependence upon property taxes and other general revenues for governmental activities is apparent. 100 percent of instruction activities are supported through property taxes and other general revenues. For all governmental activities, general revenue support is 88.5 percent. The District's taxpayers, as a whole, are by far the primary support for the District's students.

**Struthers City School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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**The School District's Funds**

Information regarding the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,841,183 to offset expenditures of \$18,154,409. The net change in fund balance for the year was most significant in the general fund, which increased \$1,466,728. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, intergovernmental revenues and property taxes are the largest revenue sources, accounting for more than 64 percent and 26 percent respectively, of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Struthers City School District.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2007, the School District amended its general fund budget several times. For the general fund, original and final budgeted revenues were \$15,100,714. Actual revenues for fiscal year 2007 were \$14,983,795. This represents a \$116,919 decrease from original and final budgeted revenues.

General fund original appropriations of \$14,423,016 were unchanged in the final appropriations. The actual budget basis expenditures for fiscal year 2007 totaled \$14,094,130, which was \$528,886 lower than original and final budgeted appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2007, the School District had \$26,774,756 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks. Table 4 shows fiscal year 2007 balances compared to fiscal year 2006:

**Table 4**  
Capital Assets at June 30 (Net of Depreciation)

	2007	2006
Land	\$422,600	\$422,600
Land Improvements	259,542	277,309
Buildings and Improvements	25,334,407	26,403,836
Furniture and Equipment	451,640	503,234
Vehicles	187,812	212,072
Textbooks	118,755	196,099
<i>Total</i>	<u>\$26,774,756</u>	<u>\$28,015,150</u>

**Struthers City School District**

Mahoning County, Ohio

*Management's Discussion and Analysis  
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Unaudited*

All capital assets, except land, are reported net of depreciation. The overall decrease in capital assets of \$1,240,394 is due to depreciation expense of \$1,266,259 exceeding capital outlays of \$25,865 during the fiscal year. For more information about the School District's capital assets, see Note 7 to the basic financial statements.

**Debt**

Table 5 summarizes the School District's long-term obligations outstanding at fiscal year end.

**Table 5**  
Outstanding Debt at Year End

	<u>2007</u>	<u>2006</u>
General Obligation Bonds	\$5,237,527	\$5,558,543
State Solvency Loan	0	953,500
Energy Conservation Notes	<u>214,700</u>	<u>239,800</u>
<i>Total</i>	<u>\$5,452,227</u>	<u>\$6,751,843</u>

At June 30, 2007, the District had \$5,237,527 in general obligation bonds and \$214,700 in energy conservation notes outstanding. Of this total, \$406,400 is due within one year and the rest is due within more than one year. For more information about the School District's debt, see Note 14 to the basic financial statements.

**Current Financial Issues**

Struthers City School District has a weak financial outlook due to its dependence upon grants and State entitlements coupled with an over reliance of taxes for the District coming from local business and industry amounting to 0 percent. One can see the significant impact of any external market changes would have on the District, and ultimately, the residential taxpayers. The Struthers City School District has not anticipated any meaningful growth in State revenue due to the concern the State may require the redistribution of commercial and industrial property taxes.

As a result of the challenges mentioned above, the Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial forecast future of the School District is not without its challenges though. These challenges are external in nature. These external challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

The District was placed in fiscal emergency on May 11, 2005 by the Auditor of State of Ohio and on May 16, 2005 a Financial Planning and Supervision Commission was established. As an outgrowth of the District's adopted recovery plan, the District embarked upon a series of expenditure reductions in which excess available funds were utilized to accelerate debt service repayments. In addition, the District was able to pass a 5 year 6.9 mill general operating levy in May of 2006, which secured for the District a positive five year cash flow forecast for the general fund and stability for its educational programs. Thanks to the efforts of the School District and the Financial Planning and Supervision Commission, the District was released from its fiscal emergency status on November 27, 2007.

**Struthers City School District**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2007*  
*Unaudited*

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Dr. Michael Evanson, Treasurer, Struthers City School District, 99 Euclid Avenue, Struthers, Ohio 44471-1831.

**Struthers City School District**

Mahoning County, Ohio

*Statement of Net Assets*  
*June 30, 2007*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,314,739
Accounts Receivable	471
Intergovernmental Receivable	113,064
Property Taxes Receivable	6,411,955
Inventory Held for Resale	12,536
Materials and Supplies Inventory	3,218
Unamortized Bond Issuance Costs	46,654
Nondepreciable Capital Assets	422,600
Depreciable Capital Assets, Net	26,352,156
<i>Total Assets</i>	<u>37,677,393</u>
<b>Liabilities</b>	
Accounts Payable	14,237
Accrued Wages and Benefits Payable	1,515,041
Intergovernmental Payable	476,905
Matured Compensated Absences Payable	117,957
Early Retirement Incentive Payable	30,000
Deferred Revenue	5,787,186
Accrued Interest Payable	23,847
Claims Payable	14,106
Long-Term Liabilities:	
Due Within One Year	581,358
Due In More Than One Year	6,108,105
<i>Total Liabilities</i>	<u>14,668,742</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	21,693,095
Restricted for:	
Capital Projects	26,054
Debt Service	1,331,822
Other Purposes	896,326
Set-asides	80,802
Unrestricted (Deficit)	(1,019,448)
<i>Total Net Assets</i>	<u>\$23,008,651</u>

See accompanying notes to the basic financial statements

**Struthers City School District**  
Mahoning County, Ohio

*Statement of Activities*  
For the Fiscal Year Ended June 30, 2007

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets	
			Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$8,893,583	\$491,317	\$727,539	\$0	(\$7,674,727)
Special	1,560,576	54,300	895,128	0	(611,148)
Vocational	505,877	33,543	0	0	(472,334)
Other	1,024,285	65,597	75,917	0	(882,771)
Support Services:					
Pupils	669,458	44,544	50,699	0	(574,215)
Instructional Staff	222,907	9,467	16,955	0	(196,485)
Board of Education	88,922	9,755	14,410	0	(64,757)
Administration	1,115,347	69,481	91,410	0	(954,456)
Fiscal	433,179	28,422	2,130	0	(402,627)
Business	50,140	3,342	0	0	(46,798)
Operation and Maintenance of Plant	1,750,804	101,296	0	0	(1,649,508)
Pupil Transportation	328,846	18,688	2,517	13,673	(293,968)
Central	18,190	900	6,922	0	(10,368)
Operation of Non-Instructional Services	133,232	402	126,090	0	(6,740)
Operation of Food Services	651,770	194,616	543,910	0	86,756
Extracurricular Activities	427,307	244,024	37,154	0	(146,129)
Interest and Fiscal Charges	294,099	0	0	0	(294,099)
<b>Total Governmental Activities</b>	<b>\$18,168,522</b>	<b>\$1,369,694</b>	<b>\$2,590,781</b>	<b>\$13,673</b>	<b>(14,194,374)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
					4,787,074
					566,045
					60,537
					10,350,233
					75,610
					232,700
					<b>16,072,199</b>
					1,877,825
					21,130,826
					<b>\$23,008,651</b>

See accompanying notes to the basic financial statements



**Struthers City School District**  
Mahoning County, Ohio

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2007*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,389,716	\$1,614,007	\$1,202,743	\$4,206,466
Accounts Receivable	471	0	0	471
Interfund Receivable	4,750	0	0	4,750
Intergovernmental Receivable	0	0	113,064	113,064
Property Taxes Receivable	5,621,020	728,162	62,773	6,411,955
Inventory Held for Resale	0	0	12,536	12,536
Materials and Supplies Inventory	0	0	3,218	3,218
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	80,802	0	0	80,802
<b>Total Assets</b>	<u>\$7,096,759</u>	<u>\$2,342,169</u>	<u>\$1,394,334</u>	<u>\$10,833,262</u>
<b>Liabilities</b>				
Accounts Payable	\$2,711	\$0	\$11,526	\$14,237
Accrued Wages and Benefits Payable	1,318,431	0	196,610	1,515,041
Intergovernmental Payable	379,126	0	97,779	476,905
Matured Compensated Absences Payable	117,957	0	0	117,957
Interfund Payable	0	0	4,750	4,750
Deferred Revenue	5,512,542	721,360	105,115	6,339,017
Early Retirement Incentive Payable	30,000	0	0	30,000
<b>Total Liabilities</b>	<u>7,360,767</u>	<u>721,360</u>	<u>415,780</u>	<u>8,497,907</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	243,195	5,000	116,782	364,977
Reserved for Bus Purchases	31,365	0	0	31,365
Reserved for Capital Improvements	49,437	0	0	49,437
Unreserved:				
Undesignated, Reported in:				
General Fund	(588,005)	0	0	(588,005)
Special Revenue Funds	0	0	836,718	836,718
Debt Service Funds	0	1,615,809	0	1,615,809
Capital Projects Funds	0	0	25,054	25,054
<b>Total Fund Balances</b>	<u>(264,008)</u>	<u>1,620,809</u>	<u>978,554</u>	<u>2,335,355</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$7,096,759</u>	<u>\$2,342,169</u>	<u>\$1,394,334</u>	<u>\$10,833,262</u>

See accompanying notes to the basic financial statements

**Struthers City School District**  
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2007*

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<b>Total Governmental Fund Balances</b>	<b>\$2,335,355</b>
 <b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,774,756
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	508,594
Intergovernmental Revenue	<u>43,237</u>
Total	551,831
An internal service fund is used by management to charge the costs of dental and vision insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.	13,365
In the statement of net assets, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	46,654
Unamortized deferred amounts on advanced refunding are not recognized in the funds.	21,482
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(23,847)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(4,935,097)
Accretion on Capital Appreciation Bond	(302,430)
Energy Conservation Note	(214,700)
Compensated Absences	(1,228,718)
Early Retirement Incentive	<u>(30,000)</u>
Total	<u>(6,710,945)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$23,008,651</u></u>

See accompanying notes to the basic financial statements

**Struthers City School District**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2007*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$4,630,019	\$556,182	\$59,378	\$5,245,579
Tuition and Fees	890,033	0	26,078	916,111
Interest	73,704	0	1,906	75,610
Charges for Services	0	0	194,616	194,616
Extracurricular Activities	9,001	0	238,190	247,191
Rentals	11,776	0	0	11,776
Contributions and Donations	0	0	55,194	55,194
Intergovernmental	9,256,547	1,024,839	2,567,347	12,848,733
Miscellaneous	221,641	0	24,732	246,373
<i>Total Revenues</i>	<u>15,092,721</u>	<u>1,581,021</u>	<u>3,167,441</u>	<u>19,841,183</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	6,970,040	0	736,435	7,706,475
Special	800,058	0	753,699	1,553,757
Vocational	493,032	0	0	493,032
Other	959,884	0	61,857	1,021,741
Support Services:				
Pupils	595,992	0	228	596,220
Instructional Staff	115,772	0	26,248	142,020
Board of Education	48,381	0	36,559	84,940
Administration	1,029,671	1,010	89,351	1,120,032
Fiscal	401,651	13,524	6,342	421,517
Business	50,108	0	0	50,108
Operation and Maintenance of Plant	1,534,730	0	221,222	1,755,952
Pupil Transportation	282,054	0	1,938	283,992
Central	13,519	0	4,626	18,145
Operation of Non-Instructional Services	6,044	0	134,764	140,808
Operation of Food Services	0	0	627,898	627,898
Extracurricular Activities	200,396	0	225,994	426,390
Capital Outlay	66,809	0	0	66,809
Debt Service:				
Principal Retirement	57,301	1,358,600	0	1,415,901
Interest and Fiscal Charges	551	228,121	0	228,672
<i>Total Expenditures</i>	<u>13,625,993</u>	<u>1,601,255</u>	<u>2,927,161</u>	<u>18,154,409</u>
<i>Net Change in Fund Balances</i>	1,466,728	(20,234)	240,280	1,686,774
<i>Fund Balances (Deficit) Beginning of Year</i>	(1,730,736)	1,641,043	738,274	648,581
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$264,008)</u>	<u>\$1,620,809</u>	<u>\$978,554</u>	<u>\$2,335,355</u>

See accompanying notes to the basic financial statements

**Struthers City School District**  
Mahoning County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2007*

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**Net Change in Fund Balances - Total Governmental Funds** **\$1,686,774**

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Outlay	25,865	
Current Year Depreciation	(1,266,259)	
Total		(1,240,394)

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

Property Taxes	168,077	
Intergovernmental Revenue	37,087	
Total		205,164

Repayment of long-term debt and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

1,415,901

Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as interest accrues, regardless of when it is due. The additional interest reported on the statement of activities is due to the following:

Accrued Interest on Bonds	2,744	
Accreted Interest on Bonds	(58,984)	
Amortization of Gain/Loss on Advance Refundin	(2,897)	
Amortization of Bond Issuance Costs	(6,290)	
Total		(65,427)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	(222,123)	
Early Retirement Incentive	72,000	
Total		(150,123)

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

25,930

*Change in Net Assets of Governmental Activities* \$1,877,825

See accompanying notes to the basic financial statements

**Struthers City School District**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property Taxes	\$4,518,685	\$4,518,685	\$4,521,541	\$2,856
Tuition and Fees	859,062	859,062	890,033	30,971
Interest	32,100	32,100	73,727	41,627
Extracurricular Activities	13,000	13,000	9,001	(3,999)
Rentals	24,000	24,000	11,776	(12,224)
Contributions and Donations	9,732	9,732	0	(9,732)
Intergovernmental	9,380,135	9,380,135	9,256,547	(123,588)
Miscellaneous	264,000	264,000	221,170	(42,830)
<i>Total Revenues</i>	<u>15,100,714</u>	<u>15,100,714</u>	<u>14,983,795</u>	<u>(116,919)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,258,270	7,258,270	7,015,437	242,833
Special	934,255	934,255	813,167	121,088
Vocational	487,967	487,967	502,381	(14,414)
Other	1,073,826	1,073,826	983,486	90,340
Support Services:				
Pupils	622,450	622,450	612,060	10,390
Instructional Staff	105,891	105,891	117,585	(11,694)
Board of Education	64,961	64,961	50,316	14,645
Administration	1,204,752	1,204,752	1,112,907	91,845
Fiscal	341,185	341,185	435,811	(94,626)
Business	50,632	50,632	50,154	478
Operation and Maintenance of Plant	1,644,645	1,644,645	1,620,379	24,266
Pupil Transportation	289,229	289,229	315,775	(26,546)
Central	54,304	54,304	41,157	13,147
Operation of Non-Instructional Services	30,336	30,336	13,323	17,013
Extracurricular Activities	202,321	202,321	198,904	3,417
Capital Outlay	0	200,000	153,436	46,564
Debt Service:				
Principal Retirement	57,992	57,992	57,301	691
Interest and Fiscal Charges	0	0	551	(551)
<i>Total Expenditures</i>	<u>14,423,016</u>	<u>14,623,016</u>	<u>14,094,130</u>	<u>528,886</u>
<i>Net Change in Fund Balance</i>	677,698	477,698	889,665	411,967
<i>Fund Balance Beginning of Year</i>	199,469	199,469	199,469	0
<i>Prior Year Encumbrances Appropriated</i>	140,329	140,329	140,329	0
<i>Fund Balance End of Year</i>	<u>\$1,017,496</u>	<u>\$817,496</u>	<u>\$1,229,463</u>	<u>\$411,967</u>

See accompanying notes to the basic financial statements

**Struthers City School District**

Mahoning County, Ohio

*Statement of Fund Net Assets*

*Proprietary Fund*

*June 30, 2007*

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	<u>Internal Service</u>
<b>Current Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$27,471
<b>Current Liabilities</b>	
Claims Payable	<u>14,106</u>
<b>Net Assets</b>	
Unrestricted	<u><u>\$13,365</u></u>

See accompanying notes to the basic financial statements

**Struthers City School District**

Mahoning County, Ohio

*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2007*

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	<u>Internal Service</u>
<b>Operating Revenues</b>	
Charges for Services	<u>\$110,719</u>
<b>Operating Expenses</b>	
Claims	78,727
Other	6,062
<i>Total Operating Expenses</i>	<u>84,789</u>
<i>Change in Net Assets</i>	25,930
<i>Net Assets Beginning of Year</i>	<u>(12,565)</u>
<i>Net Assets End of Year</i>	<u><u>\$13,365</u></u>

See accompanying notes to the basic financial statements

**Struthers City School District**

Mahoning County, Ohio

*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2007*

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	<u>Internal Service</u>
<b><i>Increase in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Charges for Services	\$110,719
Cash Payments for Claims	(104,483)
Cash Payments for Other Expenses	<u>(6,062)</u>
<i>Net Cash Provided by Operating Activities</i>	174
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>27,297</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$27,471</u></u>
 <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$25,930
Adjustments:	
Decrease in Claims Payable	<u>(25,756)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$174</u></u>
See accompanying notes to the basic financial statements	



**Struthers City School District**  
Mahoning County, Ohio

*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2007*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$208,735</u>
<b>Liabilities</b>	
Undistributed Monies	\$16,442
Due to Students	<u>192,293</u>
<i>Total Liabilities</i>	<u>\$208,735</u>

See accompanying notes to the basic financial statements

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**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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**Note 1 - Description of the School District and Reporting Entity**

The Struthers City School District (the "School District") operates under a locally elected five member Board and provides educational services as authorized by State and federal agencies. The Board controls the School District's five instructional support facilities staffed by 76 non-certified and 131 certified full-time teaching personnel and 9 administrative employees who provide services to students and other community members.

The School District is located in Struthers, Ohio, Mahoning County, including an area extending roughly five miles around the City. The enrollment for the School District during the 2007 fiscal year was 2,086. The School District operates three elementary schools (K-4), one middle school (5-8), and one high school (9-12).

***Reporting Entity***

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the basic financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Struthers City School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The Struthers City School District does not have any component units.

The School District participates in three jointly governed organizations and one shared risk pool. These organizations are the Area Cooperative Computerized Educational Service System Council of Governments (ACCES), the Mahoning County Career and Technical Center, the Ohio Schools' Council Association and the Mahoning County Schools Employee Insurance Consortium. These organizations are presented in Notes 16 and 17 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and its internal service fund. The more significant of the School District's accounting policies are described below.

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities and fund financial statements which provide a more detailed level of financial information.

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

**B. Fund Accounting**

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

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

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

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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**Bond Retirement Fund** The bond retirement fund accounts for the retirement of serial bonds and short-term loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation which is levied for debt charges on bonds or loans, shall be paid into this fund.

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

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

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for dental and vision benefits of the School District's employees.

**Fiduciary Fund Type** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for student activities and a college scholarship program.

**C. Measurement Focus**

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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***D. Basis of Accounting***

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

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

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

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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***E. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given authority to allocate board appropriations to the function and object levels within each fund.

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

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

***F. Cash and Cash Equivalents***

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2007, investments were limited to certificates of deposit and STAROhio.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2007.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$73,704, which includes \$6,405 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

***G. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

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Mahoning County, Ohio

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**H. Restricted Assets**

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for the purchase of textbooks. See Note 15 for additional information regarding set asides.

**I. Capital Assets**

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 99 years
Buildings and Improvements	10 - 99 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years
Textbooks and Library Books	5 - 10 years

**J. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees and administrators after ten years of service.



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***K. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due.

***L. Fund Balance Reserves and Designations***

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and school bus purchases.

***M. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$2,285,567, none of which is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

***N. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenue or expense not meeting the definition of operating is reported as non-operating.

***O. Extraordinary and Special Items***

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

**Struthers City School District**  
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**P. Estimates**

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

**Note 3 – Accountability**

Fund balances at June 30, 2007 included the following individual fund deficits:

<u>Major Governmental Fund:</u>	<u>Deficit</u>
General Fund	\$264,008
Nonmajor Governmental Funds:	
Teacher Development	4,929
Poverty Aid	94,546
Title I	64,305
Improving Teacher Quality	16,735

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

**Note 4 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$1,466,728
Net Adjustment for Revenue Accruals	(108,926)
Net Adjustment for Expenditure Accruals	(222,332)
Adjustment for Encumbrances	<u>(245,805)</u>
Budget Basis	<u><u>\$889,665</u></u>

**Note 5 - Deposits and Investments**

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;

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4. Bonds and other obligations of the State of Ohio or Ohio local governments;
  5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
  6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
  7. The State Treasurer's investment pool (STAROhio);
  8. Commercial paper and bankers acceptances if training requirements have been met.

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

**A. Cash on Hand**

At fiscal year-end, the School District had \$300 in un-deposited cash on hand which is included on the financial statements of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2007, the carrying amount of all District deposits was \$4,518,355. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2007, \$3,992,836 of the District's bank balance of \$4,547,490 was exposed to custodial risk as discussed below, while \$554,654 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

**C. Investments**

As of June 30, 2007, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$4,819	6 Months or Less

**Struthers City School District**  
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**Interest Rate Risk** As a means of limiting its exposure to fair value losses caused by rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

**Credit Risk** STAROhio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

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

**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer. The School District's investment in STAROhio represents 100 percent of the School District's total investments.

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2007:

<u>Cash and Investments per Note Disclosure</u>	
Carrying amount of deposits	\$4,518,355
Investments	4,819
Cash on hand	300
Total	<u>\$4,523,474</u>
<u>Cash and Investments per Statement of Net Assets</u>	
Governmental activities	\$4,314,739
Agency funds	208,735
Total	<u>\$4,523,474</u>

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Due to the timing of the tax bills sent by the County, there is no money available as an advance to the School District at June 30, 2007 and June 30, 2006.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$138,156,220	89.90 %	\$138,366,230	91.54 %
Public Utility Personal	7,278,980	4.74	7,235,080	4.79
Tangible Personal Property	8,249,227	5.36	5,545,211	3.67
<b>Total</b>	<b>\$153,684,427</b>	<b>100.00 %</b>	<b>\$151,146,521</b>	<b>100.00 %</b>
 Tax rate per \$1,000 of assessed valuation	 \$63.90		 \$70.80	

**Struthers City School District**  
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**Note 7 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance 6/30/06	Additions	Reductions	Balance 6/30/07
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$422,600	\$0	\$0	\$422,600
Capital assets being depreciated				
Land improvements	550,314	0	0	550,314
Buildings and improvements	32,539,455	0	0	32,539,455
Furniture, fixtures and equipment	773,172	0	0	773,172
Vehicles	830,743	25,865	0	856,608
Textbooks and Library Books	496,934	0	0	496,934
<b>Total capital assets being depreciated</b>	<b>35,190,618</b>	<b>25,865</b>	<b>0</b>	<b>35,216,483</b>
Accumulated depreciation				
Land improvements	(273,005)	(17,767)	0	(290,772)
Buildings and improvements	(6,135,619)	(1,069,429)	0	(7,205,048)
Furniture, fixtures and equipment	(269,938)	(51,594)	0	(321,532)
Vehicles	(618,671)	(50,125)	0	(668,796)
Textbooks and Library Books	(300,835)	(77,344)	0	(378,179)
<b>Total accumulated depreciation</b>	<b>(7,598,068)</b>	<b>(1,266,259) *</b>	<b>0</b>	<b>(8,864,327)</b>
Capital assets being depreciated, net	27,592,550	(1,240,394)	0	26,352,156
<b>Governmental activities capital assets, net</b>	<b>\$28,015,150</b>	<b>(\$1,240,394)</b>	<b>\$0</b>	<b>\$26,774,756</b>

\* Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$1,142,509
Vocational	1,600
<b>Support Services:</b>	
Instructional Staff	54,298
Board of Education	3,770
Operation and Maintenance of Plant	3,858
Pupil Transportation	46,267
Operation of Non-Instructional Services	500
Operation of Food Services	13,457
<b>Total Depreciation Expense</b>	<b>\$1,266,259</b>

**Struthers City School District**  
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*Notes to the Basic Financial Statements*  
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**Note 8 - Receivables**

Receivables at June 30, 2007, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year. At June 30, 2007, the School District had intergovernmental receivables of \$69,827 in the food service special revenue fund for federal lunchroom reimbursements, and \$43,237 in the IDEA Part B special revenue fund for grant monies receivable.

**Note 9 – Capital Lease**

During fiscal year 2004, the School District entered into a lease agreement for fitness equipment. This lease obligation meets the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and has been recorded on the government-wide statements. The furniture, fixtures and equipment have been capitalized in the amount of \$221,940, the present value of the minimum lease payments at the inception of the lease.

The assets acquired through the capital lease are as follows:

<i>Asset:</i>	<u>Governmental Activities</u>
Fitness Equipment	\$221,940
Less: Accumulated Depreciation	<u>(147,960)</u>
Total Book Value as of June 30, 2007	<u><u>\$73,980</u></u>

The School District paid off this capital lease during fiscal year 2007, when it made the final principal payment of \$57,301 and interest payment of \$692 out of the general fund.

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statements for the general fund. These expenditures are reflected as program expenditures on a budgetary basis.

**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School District contracted with Indiana Insurance Company property insurance with a \$1,000 deductible. Professional liability is protected by the Indiana Insurance Company with a \$3,000,000 aggregate limit.

Vehicles are covered by the Indiana Insurance Company and hold a \$100 deductible for comprehensive and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. CB radios on the School District's busses are covered by Indiana Insurance Company.



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Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

\$10,000 performance bonds are maintained for both the Board president and Superintendent. A \$40,000 performance bond is maintained for the Treasurer. A \$250,000 blanket bond is maintained for all other employees. All performance bonds are maintained by the Hartford Insurance Company, and the blanket bond is maintained by the Indiana Insurance Company.

**B. Workers' Compensation**

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**C. Employee Health Benefits**

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits. The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through an annual calculation process. The Struthers City School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$1,023.29 for family coverage and \$426.69 for single coverage per employee per month.

The School District has elected to provide vision and dental benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$53.22 for family vision and dental coverage and \$48.20 for single vision and dental coverage per employee per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$14,106 reported in the internal service fund at June 30, 2007, is based on an estimate provided by the third party administrator and the requirements of the Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the claims liability amount during the last two fiscal years were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2006	15,177	125,475	100,790	39,862
2007	39,862	78,727	104,483	14,106

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**Note 11 - Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006 and 2005 were \$171,369, \$184,091 and \$181,399; 58.68 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

***B. State Teachers Retirement System***

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**Struthers City School District**  
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A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006 and 2005 were \$972,920, \$1,026,288 and \$1,063,698; 84.14 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$3,520 made by the School District and \$11,383 made by the plan members.

**C - Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**Note 12 – Postemployment Benefits**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$74,840 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, District paid \$68,282 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158,751,207. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million, which is about 221 percent of next years projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 59,942 participants currently receiving health care benefits.

**Note 13 - Other Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators earn twenty days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Each employee earns sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated to a maximum of 260 days for all employees. Upon retirement, classified employees, bus drivers and teachers receive payments for fifty percent of the total sick leave accumulation up to a maximum of 60 days. Administrators receive payment for fifty percent of the total sick leave accumulation up to 75 days.

***B. Life Insurance***

The School District provides life insurance to all regular employees. Coverage is equal to the annual salary for administrators, the annual salary for certified employees with a minimum of \$29,000 and a maximum of \$50,000, \$40,000 for non-union classified employees, and \$25,000 for classified employees. Life insurance coverage is provided through Mutual of Omaha.

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

**Note 14 - Long-term Obligations**

The changes in the School District's long-term obligations during fiscal year 2007 were as follows:

<b>Governmental-Type Activities</b>	Principal Outstanding 6/30/06	Additions	Deductions	Principal Outstanding 6/30/07	Amounts due in One Year
<b>General Obligation Bonds</b>					
1992 School Improvement Refunding Bonds:					
Current Interest Term Bonds	\$1,705,000	\$0	\$15,000	\$1,690,000	\$190,000
Unamortized Loss	(24,379)	0	(2,897)	(21,482)	0
<i>Total 1992 School Improvement Refunding Bonds</i>	<u>1,680,621</u>	<u>0</u>	<u>12,103</u>	<u>1,668,518</u>	<u>190,000</u>
1992 School Improvement Bonds:					
Capital Appreciation Bonds	42,724	0	42,724	0	0
Accretion on Capital Appreciation Bonds	136,159	6,117	142,276	0	0
<i>Total 1992 School Improvement Bonds</i>	<u>178,883</u>	<u>6,117</u>	<u>185,000</u>	<u>0</u>	<u>0</u>
2000 Ohio School Facilities Bonds:					
Current Interest Serial Bonds	1,000,000	0	180,000	820,000	190,000
Current Interest Term Bonds	1,950,000	0	0	1,950,000	0
Capital Appreciation Bonds	475,097	0	0	475,097	0
Accretion on Capital Appreciation Bonds	249,563	52,867	0	302,430	0
<i>Total 2000 Ohio School Facilities Bonds</i>	<u>3,674,660</u>	<u>52,867</u>	<u>180,000</u>	<u>3,547,527</u>	<u>190,000</u>
<b>Total General Obligation Bonds</b>	<u>5,534,164</u>	<u>58,984</u>	<u>377,103</u>	<u>5,216,045</u>	<u>380,000</u>
<b>Other Long-Term Obligations:</b>					
1998 Energy Conservation Note	239,800	0	25,100	214,700	26,400
State Solvency Loan	953,500	0	953,500	0	0
Capital Lease Payable	57,301	0	57,301	0	0
Compensated Absences	1,324,402	109,449	205,133	1,228,718	144,958
Early Retirement Incentive	102,000	30,000	102,000	30,000	30,000
<b>Total Other Long-Term Obligations</b>	<u>2,677,003</u>	<u>139,449</u>	<u>1,343,034</u>	<u>1,473,418</u>	<u>201,358</u>
<b>Total Long-Term Obligations</b>	<u>\$8,211,167</u>	<u>\$198,433</u>	<u>\$1,720,137</u>	<u>\$6,689,463</u>	<u>\$581,358</u>

On October 15, 2002, the School District issued \$1,750,000 in general obligation bonds at interest rates ranging from 1.50 percent to 3.90 percent. Bond proceeds were used to refund \$1,750,000 of the 1992 school improvement bonds.

Proceeds of \$1,785,000 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunding portion of the 1992 school improvement bonds. As a result, \$1,750,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements.

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$35,000. This difference, being reported as a deferral in the accompanying financial statements, is being charged to operations through fiscal year 2015 using the straight-line method. The School District decreased its total debt service payments by \$475,713 as a result of the advance refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$376,869.

On December 1, 1992, the School District issued a \$3,799,501 in voted general obligation bonds for renovation at the Struthers City School District. These bonds were issued for a fourteen year period.

On December 1, 2000, the School District issued \$4,195,097 in voted general obligation bonds for the purpose of renovation and construction of the new and existing school buildings. The bonds were issued for a fifteen year period. The bond issue included \$1,770,000 in serial bonds and \$1,950,000 in term bonds.

The term bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Fiscal year Ending June 30,	Principal
2016	\$235,000
2017	250,000
2018	265,000
2019	275,000
2020	290,000
2021	310,000
<i>Total</i>	<u><u>\$1,625,000</u></u>

The remaining principal amount of the term bonds will mature as stated maturity on December 1, 2022.

The term bonds maturing after December 1, 2011 are subject to redemption at the option of the School District, either in whole or in part, in such order as the District shall determine, on any interest payment date on or after December 1, 2011, at redemption prices equal to the following percentages of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2010 through November 30, 2011	101%
December 1, 2001 and thereafter	100%

The 1992 and 2000 general obligation bonds include capital appreciation bonds. This year the addition on these bonds aggregating \$84,381 represents the accretion of discounted interest. The final maturity of these bonds is \$1,930,000.

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

On December 21, 1998, the School District received a loan from the Ohio Department of Education for insolvency relief. The loan is interest free as long as the School District for which the full faith and credit of the School District are pledged for repayment. Payments will be recorded as expenditures of the debt service fund, from current operating revenue.

The school improvement bonds will be paid from the bond retirement debt service fund. Compensated absences will be paid from the general fund and the food service, auxiliary services, poverty aid, IDEA Part B, Title I and classroom reduction special revenue funds. The early retirement incentive payable will be paid from the general fund.

The School District's overall legal debt margin was \$10,288,899 with an unvoted debt margin of \$136,032 at June 30, 2007. Principal requirements to retire general obligation debt outstanding at June 30, 2007, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$380,000	\$203,917	\$583,917	\$0	\$0	\$0
2009	395,000	188,349	583,349	0	0	0
2010	410,000	171,538	581,538	0	0	0
2011	425,000	153,357	578,357	0	0	0
2012	215,000	32,528	247,528	105,623	129,377	235,000
2013 - 2017	920,000	144,594	1,064,594	369,474	570,526	940,000
2018 - 2022	1,390,000	284,476	1,674,476	0	0	0
2023	325,000	8,937	333,937	0	0	0
<b>Total</b>	<b>\$4,460,000</b>	<b>\$1,187,696</b>	<b>\$5,647,696</b>	<b>\$475,097</b>	<b>\$699,903</b>	<b>\$1,175,000</b>

Fiscal Year Ending June 30,	Energy Conservation Note		
	Principal	Interest	Total
2008	\$26,400	\$10,671	\$37,071
2009	27,700	9,359	37,059
2010	29,100	7,982	37,082
2011	30,500	6,536	37,036
2012	32,000	5,020	37,020
2013-2014	69,000	5,188	74,188
<b>Total</b>	<b>\$214,700</b>	<b>\$44,756</b>	<b>\$259,456</b>

**Note 15 - Set-Asides**

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

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2006	(\$428,636)	\$150,076
Current Year Set-Aside Requirement	316,584	316,584
Qualifying Disbursements	(257,157)	(358,740)
Current year offsets	0	(58,483)
<b>Total</b>	<b>(\$369,209)</b>	<b>\$49,437</b>
Set-Aside Balance Carried Forward to Future Fiscal Years	(\$369,209)	\$49,437
Cash balance as of June 30, 2007	\$0	\$49,437

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the textbooks set-asides. This amount may be used to reduce the set-aside requirement for future years and therefore is presented as being carried forward to future years.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of restricted assets as of June 30, 2007 is as follows:

Amount Set-Aside for Capital Improvements	\$49,437
Amount Set-Aside for Bus Purchases	31,365
<b>Total</b>	<b>\$80,802</b>

**Note 16 - Jointly Governed Organizations**

***A. Area Cooperative Computerized Educational Service System Council of Governments***

The Area Cooperative Computerized Educational Service System Council of Governments (COG) is a computer network which provides data services to twenty three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports COG based upon a per pupil charge. Struthers City School District paid \$29,508 to COG during fiscal year 2007.

COG is governed by an assembly consisting of superintendents or other designees of the member school districts. The assembly exercises total control over the operation of COG including budgeting, appropriating, contracting and designating management. All of COG revenues are generated from charges for services and State funding.

Financial information can be obtained by contacting the Treasurer for the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Suite 115, Youngstown, Ohio 44512-7019.



**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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***B. Mahoning County Career and Technical Center***

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school district's and one representative from each of the two city school districts. During fiscal year 2007, no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Career and Technical Center, 7300 North Palmyra Road, Canfield, Ohio, 44406.

***C. Ohio Schools' Council Association***

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2007, the Struthers City School District paid \$110,531 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**Note 17 - Shared Risk Pool**

*Mahoning County Schools Employee Insurance Consortium* - The Mahoning County Schools Employee Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services. To obtain the financial information write to Mahoning County Insurance Consortium, 100 Debartolo Place, Suite 115, Youngstown, Ohio 44512-7019.

**Note 18 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

***B. Litigation***

At June 30, 2007, the School District was party to a legal proceeding in the case of Rocco Augustine vs. the Bureau of Workers' Compensation, the Lykes Corporation and the Struthers Board of Education. The effect that this case will have on the School District was not known at June 30, 2007.

**Struthers City School District**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2007*

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**Note 19 – New Accounting Standards**

In April of 2004, the Governmental Accounting Standards Board (the GASB) issued Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This Statement establishes uniform financial reporting standards for Other Postemployment Benefit (OPEB) plans and supersedes guidance included in Statement No. 26, "Financial Reporting for Postemployment Healthcare Plans Administered by Defined Benefit Pension Plans." The standards in Statement No. 43 apply to OPEB trust funds included in the financial reports of plan sponsors or employers, as well as for the stand-alone financial reports of OPEB plans or the public employee retirement systems, or third parties that administer them. Statement No. 43 will not be effective for the District until fiscal year 2008 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

During August of 2004, the GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions", which addresses how state and local governments should account for and report their costs and obligations related to postemployment health care and other non-pension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. Statement No. 45 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In September of 2006, the GASB issued Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues." This statement establishes accounting standards on whether a transaction should be regarded as a sale or as collateralized borrowing resulting in a liability. Statement No. 48 will not be effective for the District until fiscal year 2008 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In November 2006, the GASB issued Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." This Statement is to establish accounting and financial reporting standards for pollution remediation obligations. Statement No. 49 will not be effective for the District until fiscal year 2009 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In May of 2007, the GASB issued Statement No. 50, "Pension Disclosures." This Statement amends the applicable note disclosure and required supplementary information (RSI) of GASB Statement No. 25 and GASB Statement No. 27 to conform to the requirements of GASB Statement No. 43 and GASB Statement No. 45. This Statement is intended to improve the transparency and usefulness of financial reporting by pension plans and employers by amending Statement No. 25 and Statement No. 27 to conform to the applicable note disclosure and RSI modifications adopted in the OPEB Statements. Statement No. 50 will not be effective for the District until fiscal year 2008 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

In June of 2007, the GASB issued Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This Statement requires that all intangible assets, which include easements, water rights, timber rights, patents, trademarks, and computer software, be classified as capital assets. Statement No. 51 will not be effective for the District until fiscal year 2010 and, as such, the District has not determined the impact, if any, that this statement will have on its financial statements.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2007**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
School Breakfast Program		10.553	\$72,080		\$72,080	
National School Lunch Program		10.555	408,890		408,890	
Sub-Total U.S. Department of Agriculture - Nutrition Cluster			<b>480,970</b>		<b>480,970</b>	
Food Donation Program		10.550		\$66,392		\$66,392
Total U.S. Department of Agriculture			<b>\$480,970</b>	<b>\$66,392</b>	<b>\$480,970</b>	<b>\$66,392</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1-S1-07 C1-S1-06	84.010 84.010	\$417,835		\$417,835 175	
Total Title I Grants to Local Educational Agencies			<b>417,835</b>		<b>418,010</b>	
Special Education Cluster:						
Special Education Grants to States	6B-SF-07	84.027	526,305		352,657	
Special Education Grants to States	6B-SF-06	84.027	6,150		49,240	
Special Education Grants to States - Access	6B-SD-06	84.027			6,874	
Special Education Grants to States - Positive Behavior	6B-PB-06	84.027			23,500	
Special Education Grants to States	6B-SF-05	84.027			14,976	
Total Special Education Grants to States			<b>532,455</b>		<b>447,247</b>	
Safe and Drug-Free Schools and Communities	DR-S1-07 DR-S1-06	84.186 84.186	10,433		5,433 10,170	
Total Safe and Drug-Free Schools and Communities			<b>10,433</b>		<b>15,603</b>	
State Grants for Innovative Programs	C2-S1-07	84.298	3,460			
Total State Grants for Innovative Programs			<b>3,460</b>			
Education Technology State Grants	TJ-S1-07	84.318	4,347			
Total Education Technology State Grants			<b>4,347</b>			
Improving Teacher Quality State Grants	TR-S1-07	84.367	133,101		133,101	
Total Improving Teacher Quality State Grants			<b>133,101</b>		<b>133,101</b>	
Total Department of Education			<b>\$1,574,794</b>	<b>\$66,392</b>	<b>\$1,494,931</b>	<b>\$66,392</b>

*The accompanying notes are an integral part of this schedule.*

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



# Mary Taylor, CPA

Auditor of State

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

Struthers City School District  
Mahoning County  
99 Euclid Avenue  
Struthers, Ohio 44471

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Struthers City School District, Mahoning County, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards*. The Noncompliance Finding is described in the accompanying schedule of findings as item 2007-001.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

February 15, 2009



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Struthers City School District  
Mahoning County  
99 Euclid Avenue  
Struthers, Ohio 44471

To the Board of Education:

#### Compliance

We have audited the compliance of Struthers City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Struthers City School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2007.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

February 15, 2009



**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2007**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	<b>No</b>
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster – CFDA #10.553 & #10.555 Special Education Cluster – CFDA #84.027
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	<b>No</b>

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

<b>Finding Number</b>	2007-001
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**Finding for Recovery Repaid Under Audit**

During our audit of payroll disbursements, we noted that incorrect numbers of sick days were used to calculate the severance payments for two of the District's retiring employees. This incorrect calculation resulted in both employees being overpaid by the following amounts:

Name	Incorrect Number of Sick Days	Incorrect Severance Amount Paid	Correct Number of Sick Days	Correct Severance Amount	Overpayment Amount
Beverly J. Muntean	240	\$19,133.40	186.0	\$14,828.42	\$4,304.98
Mary K. Caggiano	240	\$19,133.40	36.5	\$2,909.88	\$16,223.52
<b>Total</b>					<b>\$20,528.50</b>

A Finding for Recovery, pursuant to Ohio Rev. Code § 117.28, for public money illegally expended is issued against the above individuals, and against Treasurer, Michael Evanson, and his bonding company, The Ohio Casualty Insurance Company and in favor of Struthers City School District in the amounts listed above.

Michael Evanson repaid the full amount to the Struthers City School District on January 21, 2009.

**Officials' Response:**

To help insure severance calculations are correct, the Account/Payroll Clerk will print individual employee leave balance reports and attach said printout to the severance pay from the payroll screen for the Treasurer. After the Treasurer calculates the severance pay, the Account/Payroll Clerk will review the Treasurer's severance pay calculations for accuracy.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**NONE**

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
JUNE 30, 2007**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2007-001	The Treasurer will have the Account/Payroll Clerk print from the payroll screen (BENSCN) an individual employee leave balances report and attach said printout to the severance pay. Also, the Treasurer will have the Account/Payroll Clerk review (for accuracy) the severance pay calculations.	02/2009	Dr. Michael Evanson, Treasurer





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**STRUTHERS CITY SCHOOL DISTRICT**  
**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**MAY 12, 2009**