

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza West, Suite  
302  
Youngstown, Ohio 43503  
Telephone 330-797-9657  
800-443-9271  
Facsimile 330-797-9949

## REPORT OF INDEPENDENT ACCOUNTANTS

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

To The Board of Education:

We have audited the accompanying general purpose financial statements of the Struthers City School District, Mahoning County, (the School District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as described in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient information supporting the financial activities of the Student Activities, nor were we able to satisfy ourselves as to those financial activities by other auditing procedures. Student Activities represent 100% of the reported Agency Fund Type assets and liabilities.

In our opinion, except for such adjustments as may have been necessary had we been able to examine evidence supporting the agency fund type, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Struthers City School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the School District taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as 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 general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Struthers City School District  
Mahoning County  
Report of Independent Accountants  
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In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2000 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



**Jim Petro**  
Auditor of State

March 10, 2000

**Struthers City School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
*June 30, 1999*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,145,380	\$234,223	\$509,131	\$495,412
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Receivables:				
Taxes	4,722,299	0	490,499	94,076
Accounts	2,560	0	0	0
Intergovernmental	0	28,220	0	0
Interfund	239,859	0	0	0
Prepaid Items	2,741	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	250,600	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<i>Total Assets and Other Debits</i>	<u>\$6,363,439</u>	<u>\$262,443</u>	<u>\$999,630</u>	<u>\$589,488</u>

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$6,413	\$0	\$36,828	\$0	\$0	\$2,427,387
0	11,435	0	0	0	11,435
0	0	0	0	0	5,306,874
0	0	0	0	0	2,560
41,741	0	0	0	0	69,961
0	0	0	0	0	239,859
0	0	0	0	0	2,741
11,346	0	0	0	0	11,346
1,017	0	0	0	0	1,017
0	0	0	0	0	250,600
111,972	0	0	11,824,765	0	11,936,737
0	0	0	0	507,131	507,131
0	0	0	0	3,886,903	3,886,903
<u>\$172,489</u>	<u>\$11,435</u>	<u>\$36,828</u>	<u>\$11,824,765</u>	<u>\$4,394,034</u>	<u>\$24,654,551</u>

(continued)

**Struthers City School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
*June 30, 1999*

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$51,953	\$12,845	\$0	\$50,226
Accrued Wages and Benefits	1,222,040	154,376	0	0
Compensated Absences Payable	31,200	53	0	0
Interfund Payable	0	82,867	0	99,248
Intergovernmental Payable	240,246	11,732	0	0
Deferred Revenue	4,722,299	0	490,499	94,076
Undistributed Monies	1,674	0	0	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Energy Conservation Bonds Payable	0	0	0	0
Asbestos Removal Loan Payable	0	0	0	0
State Operating Loan Payable	1,436,159	0	0	0
Energy Conservation Note Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>7,705,571</b>	<b>261,873</b>	<b>490,499</b>	<b>243,550</b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	300,196	84,275	2,000	360,793
Reserved for Budget Stabilization	148,343	0	0	0
Reserved for Bus Purchases	102,257	0	0	0
Reserved for Debt Service	0	0	507,131	0
Unreserved, Undesignated (Deficit)	(1,892,928)	(83,705)	0	(14,855)
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>(1,342,132)</b>	<b>570</b>	<b>509,131</b>	<b>345,938</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$6,363,439</b>	<b>\$262,443</b>	<b>\$999,630</b>	<b>\$589,488</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$6,846	\$0	\$0	\$0	\$0	\$121,870
36,582	0	0	0	0	1,412,998
10,136	0	0	0	896,230	937,619
57,744	0	0	0	0	239,859
9,525	0	0	0	114,397	375,900
7,159	0	0	0	0	5,314,033
0	0	6,235	0	0	7,909
0	0	30,593	0	0	30,593
0	112,138	0	0	0	112,138
0	0	0	0	225,000	225,000
0	0	0	0	15,306	15,306
0	0	0	0	0	1,436,159
0	0	0	0	373,600	373,600
0	0	0	0	2,769,501	2,769,501
<u>127,992</u>	<u>112,138</u>	<u>36,828</u>	<u>0</u>	<u>4,394,034</u>	<u>13,372,485</u>
0	0	0	11,824,765	0	11,824,765
137,208	0	0	0	0	137,208
(92,711)	(100,703)	0	0	0	(193,414)
0	0	0	0	0	747,264
0	0	0	0	0	148,343
0	0	0	0	0	102,257
0	0	0	0	0	507,131
0	0	0	0	0	(1,991,488)
<u>44,497</u>	<u>(100,703)</u>	<u>0</u>	<u>11,824,765</u>	<u>0</u>	<u>11,282,066</u>
<u>\$172,489</u>	<u>\$11,435</u>	<u>\$36,828</u>	<u>\$11,824,765</u>	<u>\$4,394,034</u>	<u>\$24,654,551</u>

**Struthers City School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 1999*

	Governmental Fund		
	General	Special Revenue	Debt Service
<b>Revenues</b>			
Taxes	\$4,112,040	\$0	\$243,062
Intergovernmental	7,160,966	1,482,163	303,314
Interest	71,881	621	0
Tuition and Fees	47,391	0	0
Extracurricular Activities	0	251,204	0
Gifts and Donations	0	19,119	0
Rent	18,512	0	0
Miscellaneous	15,454	15,622	0
<i>Total Revenues</i>	<u>11,426,244</u>	<u>1,768,729</u>	<u>546,376</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	5,471,768	457,425	0
Special	589,505	459,832	0
Vocational	482,771	10,529	0
Adult/Continuing	0	28,079	0
Support Services:			
Pupils	394,740	65,301	0
Instructional Staff	132,115	202,670	0
Board of Education	102,283	0	0
Administration	919,125	172,583	535
Fiscal	425,962	15,014	10,228
Business	33,536	0	0
Operation and Maintenance of Plant	1,286,525	511	0
Pupil Transportation	286,714	6,915	0
Central	51,496	12,939	0
Operation of Non-Instructional Services	0	116,081	0
Extracurricular Activities	170,713	287,860	0
Capital Outlay	4,244	4,962	0
Debt Service:			
Principal Retirement	0	0	265,000
Interest and Fiscal Charges	78,713	0	180,165
<i>Total Expenditures</i>	<u>10,430,210</u>	<u>1,840,701</u>	<u>455,928</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>996,034</u>	<u>(71,972)</u>	<u>90,448</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	0	0	0
Operating Transfers In	0	3,254	5,000
Operating Transfers Out	(19,164)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(19,164)</u>	<u>3,254</u>	<u>5,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>976,870</u>	<u>(68,718)</u>	<u>95,448</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(2,319,002)</u>	<u>69,288</u>	<u>413,683</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$1,342,132)</u>	<u>\$570</u>	<u>\$509,131</u>

See accompanying notes to the general purpose financial statements

<u>Types</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
Capital Projects	
\$79,403	\$4,434,505
446,397	9,392,840
0	72,502
0	47,391
0	251,204
0	19,119
0	18,512
0	31,076
<u>525,800</u>	<u>14,267,149</u>
0	5,929,193
0	1,049,337
0	493,300
0	28,079
0	460,041
0	334,785
0	102,283
0	1,092,243
0	451,204
0	33,536
0	1,287,036
0	293,629
0	64,435
0	116,081
0	458,573
762,470	771,676
0	265,000
0	258,878
<u>762,470</u>	<u>13,489,309</u>
<u>(236,670)</u>	<u>777,840</u>
373,600	373,600
0	8,254
0	(19,164)
<u>373,600</u>	<u>362,690</u>
136,930	1,140,530
<u>209,008</u>	<u>(1,627,023)</u>
<u>\$345,938</u>	<u>(\$486,493)</u>

**Struthers City School District**  
*Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 1999*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$3,865,033	\$3,865,033	\$0
Intergovernmental	7,160,966	7,160,966	0
Interest	71,881	71,881	0
Tuition and Fees	47,391	47,391	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Rent	23,492	23,492	0
Miscellaneous	18,965	15,454	(3,511)
<b>Total Revenues</b>	<b>11,187,728</b>	<b>11,184,217</b>	<b>(3,511)</b>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	6,499,699	5,512,457	987,242
Special	595,686	595,686	0
Vocational	483,569	483,568	1
Adult/Continuing	0	0	0
Support Services:			
Pupils	418,436	418,431	5
Instructional Staff	152,274	152,274	0
Board of Education	125,033	125,032	1
Administration	961,615	961,613	2
Fiscal	407,302	407,302	0
Business	34,065	34,065	0
Operation and Maintenance of Plant	1,459,486	1,459,486	0
Pupil Transportation	356,467	362,600	(6,133)
Central	58,623	58,623	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	166,206	166,206	0
Capital Outlay	77,744	77,744	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>11,796,205</b>	<b>10,815,087</b>	<b>981,118</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(608,477)</b>	<b>369,130</b>	<b>977,607</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	0	0	0
Advances In	0	0	0
Advances Out	(21,600)	(21,600)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(19,164)	(19,164)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(40,764)</b>	<b>(40,764)</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(649,241)</b>	<b>328,366</b>	<b>977,607</b>
<b>Fund Balances Beginning of Year</b>	<b>516,360</b>	<b>516,360</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>356,757</b>	<b>356,757</b>	<b>0</b>
<b>Fund Balances (Deficit) End of Year</b>	<b>\$223,876</b>	<b>\$1,201,483</b>	<b>\$977,607</b>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$490,069	\$490,069	\$0
1,671,202	1,453,943	(217,259)	310,686	303,314	(7,372)
621	621	0	0	0	0
0	0	0	0	0	0
345,428	251,204	(94,224)	0	0	0
23,859	19,119	(4,740)	0	0	0
0	0	0	0	0	0
3,313	15,622	12,309	0	0	0
<u>2,044,423</u>	<u>1,740,509</u>	<u>(303,914)</u>	<u>800,755</u>	<u>793,383</u>	<u>(7,372)</u>
553,192	510,366	42,826	0	0	0
461,450	469,971	(8,521)	0	0	0
4,218	10,529	(6,311)	0	0	0
43,335	29,828	13,507	0	0	0
77,316	73,536	3,780	0	0	0
212,171	211,534	637	0	0	0
0	0	0	0	0	0
198,981	198,981	0	535	535	0
16,425	9,925	6,500	12,228	12,228	0
0	0	0	0	0	0
531	531	0	0	0	0
6,907	6,907	0	0	0	0
11,108	12,939	(1,831)	0	0	0
128,582	147,585	(19,003)	0	0	0
424,366	287,860	136,506	0	0	0
4,962	4,962	0	0	0	0
0	0	0	938,737	433,294	505,443
0	0	0	258,878	258,878	0
<u>2,143,544</u>	<u>1,975,454</u>	<u>168,090</u>	<u>1,210,378</u>	<u>704,935</u>	<u>505,443</u>
<u>(99,121)</u>	<u>(234,945)</u>	<u>(135,824)</u>	<u>(409,623)</u>	<u>88,448</u>	<u>498,071</u>
0	0	0	0	0	0
21,600	21,600	0	0	0	0
0	0	0	0	0	0
3,254	3,254	0	5,000	5,000	0
0	0	0	0	0	0
<u>24,854</u>	<u>24,854</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
(74,267)	(210,091)	(135,824)	(404,623)	93,448	498,071
152,749	152,749	0	413,683	413,683	0
154,423	154,423	0	0	0	0
<u>\$232,905</u>	<u>\$97,081</u>	<u>(\$135,824)</u>	<u>\$9,060</u>	<u>\$507,131</u>	<u>\$498,071</u>

(continued)

**Struthers City School District**  
*Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types (continued)  
 For the Fiscal Year Ended June 30, 1998*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$79,403	\$79,403	\$0
Intergovernmental	894,899	446,397	(448,502)
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Rent	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>974,302</b>	<b>525,800</b>	<b>(448,502)</b>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	195,968	82,464	113,504
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	97	97	0
Fiscal	1,992	1,992	0
Business	0	0	0
Operation and Maintenance of Plant	724,229	724,228	1
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	478,563	326,974	151,589
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>1,400,849</b>	<b>1,135,755</b>	<b>265,094</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(426,547)</b>	<b>(609,955)</b>	<b>(183,408)</b>
<b>Other Financing Sources (Uses)</b>			
Proceeds of Notes	500,000	373,600	(126,400)
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>500,000</b>	<b>373,600</b>	<b>(126,400)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>73,453</b>	<b>(236,355)</b>	<b>(309,808)</b>
<b>Fund Balances Beginning of Year</b>	<b>71,464</b>	<b>71,464</b>	<b>0</b>
Prior Year Encumbrances Appropriated	150,036	150,036	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$294,953</b>	<b>(\$14,855)</b>	<b>(\$309,808)</b>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,434,505	\$4,434,505	\$0
10,037,753	9,364,620	(673,133)
72,502	72,502	0
47,391	47,391	0
345,428	251,204	(94,224)
23,859	19,119	(4,740)
23,492	23,492	0
22,278	31,076	8,798
<u>15,007,208</u>	<u>14,243,909</u>	<u>(763,299)</u>
7,248,859	6,105,287	1,143,572
1,057,136	1,065,657	(8,521)
487,787	494,097	(6,310)
43,335	29,828	13,507
495,752	491,967	3,785
364,445	363,808	637
125,033	125,032	1
1,161,228	1,161,226	2
437,947	431,447	6,500
34,065	34,065	0
2,184,246	2,184,245	1
363,374	369,507	(6,133)
69,731	71,562	(1,831)
128,582	147,585	(19,003)
590,572	454,066	136,506
561,269	409,680	151,589
938,737	433,294	505,443
258,878	258,878	0
<u>16,550,976</u>	<u>14,631,231</u>	<u>1,919,745</u>
<u>(1,543,768)</u>	<u>(387,322)</u>	<u>1,156,446</u>
500,000	373,600	(126,400)
21,600	21,600	0
(21,600)	(21,600)	0
8,254	8,254	0
(19,164)	(19,164)	0
<u>489,090</u>	<u>362,690</u>	<u>(126,400)</u>
(1,054,678)	(24,632)	1,030,046
1,154,256	1,154,256	0
661,216	661,216	0
<u>\$760,794</u>	<u>\$1,790,840</u>	<u>\$1,030,046</u>

**Struthers City School District**  
*Combined Statement of Revenues,  
 Expenses and Changes in Fund Equity  
 All Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<b>Operating Revenues</b>			
Sales	\$125,083	\$0	\$125,083
Charges for Services	0	203,443	203,443
<i>Total Operating Revenues</i>	<u>125,083</u>	<u>203,443</u>	<u>328,526</u>
<b>Operating Expenses</b>			
Salaries	172,432	0	172,432
Fringe Benefits	48,975	0	48,975
Purchased Services	13,291	5,588	18,879
Materials and Supplies	38,553	0	38,553
Cost of Sales	155,778	0	155,778
Depreciation	14,320	0	14,320
Claims	0	222,475	222,475
Other	13,571	0	13,571
<i>Total Operating Expenses</i>	<u>456,920</u>	<u>228,063</u>	<u>684,983</u>
<i>Operating Loss</i>	<u>(331,837)</u>	<u>(24,620)</u>	<u>(356,457)</u>
<b>Non-Operating Revenues</b>			
Donated Commodities	33,506	0	33,506
Operating Grants	248,247	0	248,247
<i>Total Non-Operating Revenues</i>	<u>281,753</u>	<u>0</u>	<u>281,753</u>
<i>Loss Before Operating Transfers</i>	(50,084)	(24,620)	(74,704)
Operating Transfers In	10,910	0	10,910
<i>Net Loss</i>	(39,174)	(24,620)	(63,794)
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>(53,537)</u>	<u>(76,083)</u>	<u>(129,620)</u>
<i>Retained Earnings (Deficit) End of Year</i>	(92,711)	(100,703)	(193,414)
Contributed Capital Beginning and End of Year	137,208	0	137,208
<i>Total Fund Equity (Deficit) End of Year</i>	<u>\$44,497</u>	<u>(\$100,703)</u>	<u>(\$56,206)</u>

See accompanying notes to the general purpose financial statements

**Struthers City School District**  
*Combined Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
 All Enterprise Funds  
 For the Fiscal Year Ended June 30, 1998*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales	\$354,667	\$125,083	(\$229,584)
Operating Grants	238,633	238,633	0
<i>Total Revenues</i>	<u>593,300</u>	<u>363,716</u>	<u>(229,584)</u>
<b>Expenses</b>			
Salaries	273,484	188,748	84,736
Fringe Benefits	51,060	51,060	0
Purchased Services	15,434	15,434	0
Materials and Supplies	172,262	163,852	8,410
Capital Outlay	9,664	9,663	1
Other	13,571	13,571	0
<i>Total Expenses</i>	<u>535,475</u>	<u>442,328</u>	<u>93,147</u>
<i>Excess of Revenues Over (Under) Expenses</i>	57,825	(78,612)	(136,437)
Operating Transfers In	10,910	10,910	0
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	68,735	(67,702)	(136,437)
<i>Fund Equity Beginning of Year</i>	37,514	37,514	0
Prior Year Encumbrances Appropriated	3,790	3,790	0
<i>Fund Equity (Deficit) End of Year</i>	<u>\$110,039</u>	<u>(\$26,398)</u>	<u>(\$136,437)</u>

See accompanying notes to the general purpose financial statements

**Struthers City School District**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 1999**

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$125,083	\$0	\$125,083
Cash Received from Quasi-External			
Operating Transactions with Other Funds	0	203,443	203,443
Cash Payments to Suppliers for Goods and Services	(169,069)	(5,588)	(174,657)
Cash Payments to Employees for Services	(188,748)	0	(188,748)
Cash Payments for Employee Benefits	(51,060)	0	(51,060)
Cash Payments for Claims	0	(206,510)	(206,510)
Cash Payments for Other Operating Expenses	(13,571)	0	(13,571)
<b><i>Net Cash Used for Operating Activities</i></b>	<b>(297,365)</b>	<b>(8,655)</b>	<b>(306,020)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Grants	238,633	0	238,633
Advance In	20,582	0	20,582
Operating Transfers In	10,910	0	10,910
<b><i>Net Cash Provided by Noncapital Financing Activities</i></b>	<b>270,125</b>	<b>0</b>	<b>270,125</b>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for Capital Acquisitions	(7,651)	0	(7,651)
<b><i>Net Decrease in Cash and Cash Equivalents</i></b>	<b>(34,891)</b>	<b>(8,655)</b>	<b>(43,546)</b>
Cash and Cash Equivalents Beginning of Year	41,304	20,090	61,394
<b><i>Cash and Cash Equivalents End of Year</i></b>	<b>\$6,413</b>	<b>\$11,435</b>	<b>\$17,848</b>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>			
<b><i>Operating Loss</i></b>	<b>(\$331,837)</b>	<b>(\$24,620)</b>	<b>(\$356,457)</b>
<b><i>Adjustments:</i></b>			
Depreciation	14,320	0	14,320
Donated Commodities Used During Year	33,506	0	33,506
<b><i>(Increase)/Decrease in Assets:</i></b>			
Inventory Held for Resale	(230)	0	(230)
Materials and Supplies Inventory	1,823	0	1,823
<b><i>Increase/(Decrease) in Liabilities:</i></b>			
Accounts Payable	3,454	0	3,454
Accrued Wages and Benefits	(1,392)	0	(1,392)
Compensated Absences Payable	(5,059)	0	(5,059)
Intergovernmental Payable	(11,950)	0	(11,950)
Claims Payable	0	15,965	15,965
<b><i>Total Adjustments</i></b>	<b>34,472</b>	<b>15,965</b>	<b>50,437</b>
<b><i>Net Cash Used for Operating Activities</i></b>	<b>(\$297,365)</b>	<b>(\$8,655)</b>	<b>(\$306,020)</b>

See accompanying notes to the general purpose financial statements

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 1 - Description of the School District**

The Struthers City School District (School District) operates under a locally-elected five-member Board and provides educational services as authorized by State and/or federal agencies. The Board controls the School District's six instructional support facilities staffed by 82 non-certificated and 135 certified full-time teaching personnel and 10 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 1999 fiscal year was 2,076. The School District operates four 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 ensure that the 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. This includes general operations, food service, and 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 School District has no component units.

The following activities are included within the reporting entity:

*Parochial School* - Within the School District boundaries, St. Nicholas School operates through the Youngstown Catholic diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed by the School District on behalf of the parochial school by the treasurer of the School District, as directed by the parochial school. The activity of these monies is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with a public entity risk pool and three jointly governed organizations. These organizations are presented in Notes 16 and 17 to the General Purpose Financial Statements. These organizations are Mahoning County Insurance Consortium, Area Cooperative Computerized Educational Service System, Mahoning County Joint Vocational School District and Ohio Schools Council.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

The general purpose 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 issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**Governmental Fund Types** Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**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.

**Special Revenue Funds** Special revenue funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

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

**Capital Projects Funds** Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Proprietary Fund Types** Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

**Enterprise Funds** Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Internal Service Fund** This 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.

**Fiduciary Fund Type** Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District only has one fiduciary fund type, agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups** To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

**General Long-Term Obligations Account Group** This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both *measurable and available*: interest, tuition, grants, and student fees.

The School District reports deferred revenues for governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

### ***C. Budgetary Data***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. Budgetary information for the insurance reserve internal service fund is not reported because it is not included in the entity for which the "Appropriated Budget" is adopted. The primary level of budgetary control has been established by the Board of Education at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

***Tax Budget*** Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Mahoning County Budget Commission for rate determination.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***Estimated Resources*** Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 1999.

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, except for agency funds, consistent with statutory provisions.

***Encumbrances*** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

***Lapsing of Appropriations*** At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

***D. Cash and Cash Equivalents***

To improve cash management, cash received by the School District treasurer is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The teacher development and disadvantaged pupils impact aid special revenue funds and emergency building repair capital projects fund had expended more than their equity interest in the pooled bank account at June 30, 1999. The general fund made an advance to these funds to eliminate their negative cash balances. The general fund has an interfund receivable for the amount advanced while the funds with negative cash balances have an interfund payable for the same amount on the combined balance sheet.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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During fiscal year 1999, investments were limited to STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$71,881, which includes \$57,567 assigned from other School District funds.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest-bearing depository accounts are presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District's treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with maturities of three months or less at the time they were purchased by the School District are considered to be cash equivalents.

***E. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of an inventory item is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***F. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to create a reserve for budget stabilization. See Note 22 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated fixed assets are recorded at their fair market value as of the date donated. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment, the only proprietary fund type fixed asset classification, is computed using the straight-line method over an estimated useful life of eight to twenty years.

**I. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

**Entitlements**

*General Fund*

State Foundation Program  
School Bus Purchase

*Special Revenue Funds*

Disadvantaged Pupil Impact Aid

**Non-Reimbursable Grants**

*Special Revenue Funds*

Title VI-B  
Disadvantaged Pupil Program  
Adult Basic Education  
Vocational Education  
Title I  
Partnership Grant  
Title VI  
Eisenhower  
Drug Free Schools  
Raising the Bar

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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Educational Management Information System  
Auxiliary Services  
Recreation  
*Capital Projects Fund*  
School Net  
SchoolNet Professional Development  
Emergency Building Repair Grant

**Reimbursable Grants**

*General Fund*  
Driver Education Reimbursement  
*Proprietary Funds*  
National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to 66 percent of the School District's operating revenues in governmental funds during the 1999 fiscal year.

***J. Interfund Assets and Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables".

***K. Compensated Absences***

Vacation benefits are accrued as a liability if the employees' right 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 is based on the sick leave accumulated at June 30, by those employees who are eligible to receive termination benefits and by those employees who are expected to become eligible in the future. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

***L. Contributed Capital***

Contributed capital in the proprietary funds represents resources received from other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on these assets acquired or constructed with contributed capital resources are expensed and closed to unreserved retained earnings at year end.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available resources. Bonds, capital leases and long-term loans are reported as liabilities to the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Under Ohio Law, a debt retirement fund may be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

***N. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***O. Fund Balance Reserves***

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 appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, school bus purchases and debt service.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for debt service represents the amount available to retire debt service obligations.

***P. Estimates***

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

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***Q. Total Columns on General Purpose Financial Statements***

Total columns on the general purpose financial statements are captioned "Totals-(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**Note 3 - Accountability and Compliance**

***A. Accountability***

Fund balance/retained earnings at June 30, 1999, included the following individual fund deficits:

	Deficit Fund Balance/ Retained Earnings
General Fund	\$1,342,132
Special Revenue Funds:	
Vocational Education	27,342
Disadvantaged Pupil Impact Aid	41,110
Title VI-B	11,504
Title I	104,444
Building Improvement Fund	95,988
Emergency Building Repair Capital Projects	99,248
Food Service Enterprise Fund	99,124
Self Insurance Internal Service Fund	100,703

The general fund concluded fiscal year 1999 with a fund balance of (\$1,342,132). The general fund deficit balance resulted from the conversion to generally accepted accounting principles and from the requirement to report the State loan as a liability in the fund that received the note proceeds. State entitlement monies received in July and August will partially cover the deficit and will be used to liquidate these liabilities.

The deficits in vocational education, title VI-B and title I special revenue and building improvement capital projects funds resulted from accrual accounting. The deficits in the disadvantaged pupil impact aid special revenue and emergency building repair capital projects fund resulted from expenditures made in excess of available revenues. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

The enterprise and internal service funds retained earnings deficits resulted from the application of generally accepted accounting principles. The School District will review the operations to determine if steps need to be taken to insure that the funds are self-sustaining.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
For the Fiscal Year Ended June 30, 1999

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**B. Legal Compliance**

Contrary to Section 5705.41(D), Ohio Revised Code, the following line items had expenditures that exceeded appropriations:

Fund/Function	Appropriations	Expenditures Plus Encumbrances	Excess
<b>General Fund</b>			
Support Services			
Pupil Transportation			
Capital Outlay - New	\$57,767	\$63,900	\$6,133
<b>Special Revenue Funds</b>			
<i>Adult Recreation</i>			
Non-Instructional Services			
Community Services			
Salaries	0	3,152	3,152
Materials and Supplies	0	39	39
<i>Auxiliary Services</i>			
Non-Instructional Services			
Community Services			
Salaries	27,783	43,595	15,812
<i>Vocational Education</i>			
Instruction			
Vocational			
Capital Outlay - New	4,218	10,529	6,311
<i>Management Information Systems</i>			
Support Services			
Central			
Purchased Services	5,549	7,380	1,831
<i>Title I</i>			
Instruction			
Special			
Salaries	308,295	338,228	29,933

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
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Contrary to Section 5705.36, Ohio Revised Code, the Amended Certificate of Estimated Resources exceeded actual resources and the amount of actual resources was not sufficient to cover actual expenditures and encumbrances for the fiscal year for the following funds:

<u>FUNDS</u>	DISBURSEMENTS		<u>VARIANCES</u>
	<u>ACTUAL</u> <u>RESOURCES</u>	<u>PLUS</u> <u>ENCUMBRANCES</u>	
<b>SPECIAL REVENUE:</b>			
Miscellaneous Grant Monies	\$214,905	\$332,872	(\$117,967)
<b>ENTERPRISE:</b>			
Food Service	\$361,840	\$428,785	(\$66,945)
<b>CAPITAL PROJECTS:</b>			
Emergency School Repair	\$425,253	\$608,036	(\$182,783)
School Net	\$0	\$72,208	(\$72,208)

These variances were a result of a delay in receipt of anticipated revenues related to grant activity.

**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Enterprise Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Proceeds from and principal payment on tax and revenue anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

In addition, the School District does not budget for the activities of their third party claims administrator who collects money from the School District to pay self-insurance claims incurred by the School District. However, the activity is included in the internal service fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$976,870	(\$68,718)	\$95,448	\$136,930
Revenue Accruals	6,654	(28,220)	0	0
Unrecorded Cash	(1,674)	0	0	0
Tax Revenue for Debt Repayment	(247,007)	0	247,007	0
Advances In	0	21,600	0	0
Expenditure Accruals	(110,699)	(37,848)	0	37,734
Debt Service:				
Principal	0	0	(168,294)	0
Interest	78,713	0	(78,713)	0
Advances Out	(21,600)	0	0	0
Encumbrances	(352,891)	(96,905)	(2,000)	(411,019)
Budget Basis	<u>\$328,366</u>	<u>(\$210,091)</u>	<u>\$93,448</u>	<u>(\$236,355)</u>

Net Loss/Excess of Revenues  
Under Expenses and Operating Transfers  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$39,174)	(\$24,620)
Revenue Accruals	(9,614)	0
Expense Accruals	(13,354)	0
Depreciation Expense	14,320	0
Capital Outlay	(7,651)	0
Net Loss for Non-Budgeted Fund	0	24,620
Encumbrances	(12,229)	0
Budget Basis	<u>(\$67,702)</u>	<u>\$0</u>

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 5 - Deposits and Investments**

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 School District's Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 deposits 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, 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 may 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 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, the 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 the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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6. The State Treasurer's investment pool (STAR Ohio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash on Hand.** At year end, the School District had \$1,674 in undeposited cash on hand which is included on the balance sheet as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Repurchase Agreements".

**Deposits** At year-end, the carrying amount of the School District's deposits was \$2,549,477 and the bank balance was \$2,549,465. Of the bank balance, \$265,349 was covered by federal depository insurance and \$2,284,116 was covered by specific pledged collateral or pooled collateral. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposits of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invests in STAR Ohio, the State Treasurer's Investment Pool, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form. STAR Ohio had a fair value of \$138,271 at June 30, 1999.

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,689,422	\$0
Investments which are part of a cash management pool:		
STAR Ohio	(138,271)	138,271
Cash on Hand	(1,674)	0
GASB Statement No. 3	\$2,549,477	\$138,271

**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 located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$93,302,140	83.86%	\$93,558,310	83.25%
Public Utility	8,891,070	7.99	8,813,160	7.84
Tangible Personal Property	9,071,360	8.15	10,011,940	8.91
Total Assessed Value	\$111,264,570	100.00%	\$112,383,410	100.00%
Tax rate per \$1,000 of assessed valuation	\$61.20		\$61.20	

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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, 1999, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Struthers City School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There was no amount available to the School District as an advance at June 30, 1999.

**Note 7 - Receivables**

Receivables at June 30, 1999, consisted of taxes, accounts (rent and student fees), 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 year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Special Revenue Fund:	
Drug Free Schools Grant	\$28,220
Food Service Enterprise Fund:	
National School Lunch Program	41,741
Total	\$69,961

**Note 8 - Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$332,257
Less Accumulated Depreciation	(220,285)
<i>Net Fixed Assets</i>	\$111,972

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
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A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$436,200	\$0	\$0	\$436,200
Buildings and Improvements	7,899,660	177,354	0	8,077,014
Furniture, Fixtures and Equipment	2,505,447	311,255	0	2,816,702
Vehicles	430,949	63,900	0	494,849
<i>Totals</i>	<u>\$11,272,256</u>	<u>\$552,509</u>	<u>\$0</u>	<u>\$11,824,765</u>

There was no significant construction in progress at June 30, 1999.

**Note 9 - Risk Management**

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 1999, the School District contracted with the Crum and Forester Insurance Company for property insurance with a \$1,000 deductible. Professional liability is protected by the Nationwide Insurance Company with a \$5,000,000 aggregate limit.

Vehicles are covered by the Grange Mutual Casualty Company and hold \$250 deductibles for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. CB radios on the School District's buses are covered by Grange Mutual Casualty Company.

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 \$20,000 performance bond is maintained for the treasurer. A \$25,000 per position 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 Grange Mutual Casualty Company.

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 claims 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 \$606.71 for family coverage and \$278.10 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.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
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The School District pays into the insurance reserve internal service fund \$8.00 for family vision coverage or \$3.50 for single vision 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 \$112,138 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims 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 fund's claims liability amount during fiscal year 1998 and 1999 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$67,547	\$193,308	\$164,682	\$96,173
1999	96,173	222,475	206,510	112,138

**Note 10 - Defined Benefit Pension Plan**

*A. School Employees Retirement System*

The School District contributes to the School Employees Retirement System of Ohio (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 State statute per 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, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 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 1999, 7.70 percent of covered payroll was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$114,557, \$142,170, and \$148,256, respectively; 50.37 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$56,855 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
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***B. State Teachers Retirement System***

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$354,456, \$578,197, and \$622,673, respectively; 82.60 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$61,692 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, one of the Board of Education members has elected Social Security. The board's liability is 6.2 percent of wages paid.

**Note 11 - Postemployment Benefits**

The School 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 on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependants are eligible for health care coverage. The STRS Board has statutory authority over much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District this amount equaled \$192,732.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998 net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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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. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

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, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, equaled \$61,137 during the 1999 fiscal year.

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 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

## **Note 12 - Other Employee Benefits**

### ***A. Compensated Absences***

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 230 days for certified employees and 230 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 43 days, for certified employees. Classified employees receive payment for one-fourth of accumulated sick leave up to 180 days and one-eighth of accumulated sick leave between 180 and 230 days up to a maximum of 43 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS and must also have ten years of service with the District.

### ***B. Insurance***

The School District provides life insurance to its employees. Coverage is equal to the employees's salary (rounded to nearest thousand dollars). The maximum amount of coverage is \$50,000 for non-certified employees and \$50,000 for certified employees. Life insurance coverage is provided through the Coresource Insurance Company.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

**Note 13 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
General Obligation Bonds:				
School Improvements 6.5%	\$2,959,501	\$0	\$190,000	\$2,769,501
Energy Conservation Bonds Payable 4.9%	295,000	0	70,000	225,000
Asbestos Removal Loan	20,306	0	5,000	15,306
Energy Conservation Notes Payable	0	373,600	0	373,600
Intergovernmental Payable	96,050	114,397	96,050	114,397
Compensated Absences	836,735	59,495	0	896,230
<i>Total General Long-Term Obligations</i>	<u>\$4,207,592</u>	<u>\$547,492</u>	<u>\$361,050</u>	<u>\$4,394,034</u>

The general obligation bonds, energy conservation bonds and interest-free asbestos loan will be paid from the debt service fund. The energy conservation note will be paid from the capital projects building improvement fund. The compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the person is paid.

Principal and interest requirements to retire the general obligation bonds, energy conservation bonds and asbestos removal loan follow:

Fiscal year Ending June 30,	General Obligation Bonds		Energy Conservation Bonds		Asbestos Removal Loan	Energy Conservation Notes	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2000	\$200,000	\$160,580	\$70,000	\$11,025	\$5,000	\$6,200	\$17,536
2001	215,000	149,380	75,000	7,595	5,000	18,800	18,260
2002	225,000	137,125	80,000	3,920	5,306	19,700	17,325
2003	175,000	124,075	0	0	0	20,700	16,346
2004	59,476	244,274	0	0	0	21,700	15,318
2005-2009	530,025	976,696	0	0	0	125,900	59,292
2010-2014	1,120,000	299,975	0	0	0	160,600	24,726
2015-2016	245,000	15,925	0	0	0	0	0
<i>Total</i>	<u>\$2,769,501</u>	<u>\$2,108,030</u>	<u>\$225,000</u>	<u>\$22,540</u>	<u>\$15,306</u>	<u>\$373,600</u>	<u>\$168,803</u>

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

**Note 14 - Note Debt**

The School District's note activity for the fiscal year ended June 30, 1999, is as follows:

	Balance 6/30/98	Additions	Deletions	Balance 6/30/99
<i>General Fund:</i>				
State Operating Loan 5.10%	\$1,604,453	\$0	\$168,294	\$1,436,159

The State operating loan will be paid from the general fund with school foundation revenue. A liability for the notes is reflected in the general fund which received the proceeds.

Principal and interest payments to retire the State operating loan are as follows:

Fiscal Year Ending June 30,	State Operating Loan	
	Principal	Interest
2000	\$177,110	\$69,925
2001	189,228	57,679
2002	196,053	50,953
2003	206,289	40,717
2004	217,060	29,947
2005-2009	450,419	28,263
2010-2014	0	0
<i>Total</i>	<u>\$1,436,159</u>	<u>\$277,484</u>

**Note 15 - Interfund Transactions**

Interfund balances at June 30, 1999, consist of the following individual fund receivables and payables:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$239,859	\$0
<i>Special Revenue:</i>		
Vocational Education	0	27,431
DPIA	0	15,200
Title I	0	28,571
Drug Free Schools	0	11,665
Total Special Revenue	0	82,867
Emergency School Repair Capital Projects Fund	0	99,248
Food Service Enterprise Funds	0	57,744
<i>Total All Funds</i>	<u>\$239,859</u>	<u>\$239,859</u>

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 16 - Shared Risk Pool**

The Mahoning County 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 revenue are generated from charges for services. To obtain the financial information write to Mahoning County Insurance Consortium, 2801 Market Street, Youngstown, Ohio 44507.

**Note 17 - Jointly Governed Organizations**

***A. Area Cooperative Computerized Educational Service System***

The Area Cooperative Computerized Educational Service System (ACCESS) is a jointly governed organization among twenty-three school districts. The jointly governed organization was formed to provide data service among member districts. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge. In fiscal year 1999, the School District paid \$30,127 to ACCESS. The degree of control exercised by any participating school district is limited to its representation on the assembly. To obtain the financial information write to Area Cooperative Computerized Educational Service System, 2801 Market Street, Youngstown, Ohio 44507.

***B. Mahoning County Joint Vocational School District***

The Mahoning County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a seven member board. The board consists of the five members of the Mahoning County Board of Education, representing the eleven local school districts and one representative from each of the city school districts. The Struthers City School District is one of the two city school districts included in the Mahoning County Joint Vocational School District; therefore, it has one representative on the board of the Mahoning County Joint Vocational School District. Struthers City School District students may attend the vocational school. Each school district's control is limited to its representation on the board. To obtain the financial information write to the Mahoning County Joint Vocational School District, 7300 N. Palmyra Road, Canfield, Ohio 44406.

***C. Ohio Schools Council***

The Ohio Schools Council Association (Council) is a jointly governed organization among seventy 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 a one time fee of \$500 and 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 1999, the School District paid \$750 to the Council. Financial information can be obtained by contacting Joseph Lesak, the Executive Secretary of the Ohio Schools Council at 6376 Mill Road, Broadview Heights, Ohio 44147.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 18 - State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$6,360,487 of school foundation support for its general fund.

The Court also declared the emergency school loan assistance program unconstitutional. The emergency school loan program allowed the School District to borrow money from a commercial financial institution with repayment going directly to the lender from the State through withholding a portion of the School District's future school foundation payments. As of June 30, 1999, the School District had \$1,436,159 outstanding under this program; the final payment of this note will be made in fiscal year 2006. The terms of the debt are further described in Note 14 to these financial statements.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under these programs and on its financial operations.

**Note 19 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, 1999.

**B. Litigation**

The Struthers City School District is not currently party to any legal proceedings.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 20 - Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of its food service operations and uniform school supplies sales. The following table reflects in a summarized format the more significant financial data relating to the enterprise funds of the Struthers City School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$112,296	\$12,787	\$125,083
Depreciation Expense	14,320	0	14,320
Operating Income (Loss)	(332,296)	459	(331,837)
Donated Commodities	33,506	0	33,506
Operating Grants	248,247	0	248,247
Operating Transfers In	10,910	0	10,910
Net Income (Loss)	(39,633)	459	(39,174)
Fixed Assets Additions	7,651	0	7,651
Net Working Capital	(63,752)	6,413	(57,339)
Total Assets	166,076	6,413	172,489
Total Equity	38,084	6,413	44,497
Long-Term Compensated Absences	10,136	0	10,136
Encumbrances Outstanding at June 30,1999	11,015	1,214	12,229

**Note 21 - Subsequent Event**

The School District passed a 3.1 mill bond issue levy at the November 1999 ballot. Beginning with fiscal year 2000, the School District is expected to collect \$347,200 annually.

**Note 22 - 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. The School District is also required to set aside money for budget stabilization. The School District also receives monies designated for school bus purchases. This amount is shown as a reserve for bus purchases.

**Struthers City School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$67,166	
Current Year Set-aside Requirement	162,354	162,354	81,177	
Current Year Offsets	(27,779)	(451,856)	0	
Qualifying Disbursements	<u>(181,926)</u>	<u>(69,829)</u>	<u>0</u>	
Total	<u>(\$47,351)</u>	<u>(\$359,331)</u>	<u>\$148,343</u>	
Cash Balance Carried Forward to FY2000	<u>\$0</u>	<u>\$0</u>	<u>\$148,343</u>	\$148,343
Bus Purchase Allowance				<u>102,257</u>
Total Restricted Assets				<u>\$250,600</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$31,055	\$0	\$31,055
National School Breakfast Program		10.553	\$35,468	-	\$35,468	-
National School Lunch Program		10.555	185,691	-	185,691	-
Total Department of Agriculture - Nutrition Cluster			<u>221,159</u>	<u>31,055</u>	<u>221,159</u>	<u>31,055</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Basic Education	AB-S1-98	84.002	(2,382)	-	5,535	-
Adult Basic Education	AB-S1-99	84.002	18,923	-	45,359	-
Total			<u>16,541</u>	-	<u>50,894</u>	-
Educationally Deprived Children Local	C1-S1-98	84.010	16,813	-	51,582	-
Educational Agencies - Title I	C1-S1-99	84.010	523,513	-	552,098	-
Total			<u>540,326</u>	-	<u>603,680</u>	-
Handicapped State Grants - Title VI-B	6B-SF-98	84.027	867	-	13,268	-
	6B-SF-99	84.027	97,593	-	96,623	-
Total			<u>98,460</u>	-	<u>109,891</u>	-
Drug Free Schools and Communities	DR-S1-98	84.186	0	-	3,457	-
	DR-S1-99	84.186	0	-	11,165	-
Total			<u>0</u>	-	<u>14,622</u>	-
Goals 2000 Program	G2-S4-98	84.276	3,000	-	1,139	-
	G2-S2-99	84.276	10,000	-	4,318	-
Total			<u>13,000</u>	-	<u>5,457</u>	-
<i>Passed through the Mahoning County Educational Service Center:</i>						
Dwight D. Eisenhower Professional Development Grant	MS-S1-98	84.281	2,622	-	2,626	-
Title VI - Innovative Education Program	C2-S1-97	84.298	0	-	1,156	-
	C2-S1-98	84.298	0	-	2,066	-
	C2-S1-99	84.298	8,390	-	2,011	-
Total			<u>8,390</u>	-	<u>5,233</u>	-
Technical Literacy Program	TF-S2-98	84.318	162,500	-	283,944	-
Total Department of Education			<u>841,839</u>	<u>0</u>	<u>1,076,347</u>	<u>0</u>
<b>Totals</b>			<u>\$1,062,998</u>	<u>\$31,055</u>	<u>\$1,297,506</u>	<u>\$31,055</u>

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza West, Suite  
302  
Youngstown, Ohio 43503  
Telephone 330-797-9657  
800-443-9271  
Facsimile 330-797-9949

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL 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 Struthers City School District, Mahoning County, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated March 10, 2000, which was qualified due to the inability to obtain sufficient information supporting the financial activities of Student Activities. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that we is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-11150-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated March 10, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-11150-002.

Struthers City School District  
Mahoning County  
Report of Independent Accountants on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described above is a material weakness.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**Jim Petro**  
Auditor of State

March 10, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

Government Center  
242 Federal Plaza West, Suite  
302  
Youngstown, Ohio 43503  
Telephone 330-797-9657  
800-443-9271  
Facsimile 330-797-9949

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND 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, Mahoning County, (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

**Internal Control Over Compliance**

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Struthers City School District  
Mahoning County  
Report of Independent Accountants on Compliance with Requirements Applicable to  
Each Major Federal Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**Jim Petro**  
Auditor of State

March 10, 2000

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**June 30, 1999**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Qualified</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions 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 weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions 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>	<b>Title 1</b>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	<b>Type A: &gt; \$ 300,000 Type B: all others</b>
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	<b>Yes</b>

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

<b>Finding Number</b>	<b>1999-11150-001</b>
-----------------------	-----------------------

Ohio Revised Code Section 5705.36, provides in part that upon the determination by a municipal fiscal officer, school district treasurer, or by a county auditor that the revenue to be collected by the municipality, school district or county, respectively will be greater or less than the amount included in the current official certificate, the fiscal officer shall certify the amount of the deficiency or excess to the budget commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

Budgetary testing indicated the Amended Certificate of Estimated Resources exceeded actual resources and the amount of actual resources was not sufficient to cover actual expenditures and encumbrances for the fiscal year for the following funds:

<u>FUNDS</u>	<u>ACTUAL RESOURCES</u>	<u>DISBURSEMENTS PLUS ENCUMBRANCES</u>	<u>VARIANCES</u>
<b>SPECIAL REVENUE:</b>			
Miscellaneous Grant Monies	\$214,905	\$332,872	(\$117,967)
<b>ENTERPRISE:</b>			
Food Service	\$361,840	\$428,785	(\$66,945)
<b>CAPITAL PROJECTS:</b>			
Emergency School Repair	\$425,253	\$608,036	(\$182,783)
School Net	\$0	\$72,208	(\$72,208)

These variances were a result of a delay in receipt of anticipated revenues related to grant activity; however, the District should ensure that procedures are in place to periodically monitor actual receipts compared to estimated receipts, and make budget adjustments as needed to prevent overspending of available resources.

We recommend that the School District comply with the provisions of this revised code section.

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

<b>Finding Number</b>	<b>1999-11150-002</b>
-----------------------	-----------------------

During our review of student activities we noted the following deficiencies:

- A. There was no evidence provided that student activity budgets had been prepared or approved;
- B. The top portion of the Sales Project Potential forms were partially completed but had not been approved. The top portion of the form has the following information: the organization name, the proposed sales project, the company and company address that the goods will be purchased from, a contact name, the quantity to be ordered, the cost per unit, the proposed sale price per unit, and the advisor's signature along with the Principal's and Superintendent's signature which indicates their approval. Information that was completed was the organization name, the proposed sales project, and the company and the company address. The bottom portion of the Sales Project Potential forms includes the following information to be completed: number of items purchased, price paid, total cost of items purchased, less returns, total amount to be accounted for, the total deposited with treasurer, any quantity unaccounted for, and signatures of the Advisors, Principals, and the Superintendent. None of this information had been completed or approved for any of the proposed fund raisers;
- C. The Student Activities Coordinator made numerous coding errors when she receipted money in the receipt book. Many corrections were made by the Treasurer's office prior to posting;
- D. There was no evidence that independent checks were done by the Superintendent or the Building Principals on the work of the Student Activities Advisors or the Student Activities Coordinator.

To address the above deficiencies we recommend the District stipulate that each student activity group advisor and the coordinator complete the required forms. Cash proofs should be filled out by the advisors and turned in to the coordinator every time money is remitted. Budgets should be completed and turned in prior to beginning fund raisers. The top portion of the Sales Project Potential forms should be completed before the fund raiser begins; and the bottom portion should be filled out after the fund raiser is completed and money is received. Advisors should be trained as to the purpose of each form and the importance of including the required information. Each of these forms should then be reviewed and approved by the treasurer and the superintendent as an independent check that the information is complete and reasonable. Advisors should ensure that all pertinent documents relative to a particular fund raiser are retained, such as approved price listings, documented sales incentive award program policies, spoilage, etc. Advisors and the coordinator should be informed of their responsibilities and training should be provided if needed. Additionally, we recommend that the board pass a resolution stating that advisors will not be paid for student activity supplemental contracts until the required forms and documentation have been completed and approved. The District should refer to Auditor of State document AUD-0019, *Guidelines for Developing Policies for Student Activity Programs*.

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

None



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

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.

By: \_\_\_\_\_

*Susan Babbitt*

Clerk of the Bureau

Date: \_\_\_\_\_

**MAY 09 2000**

