



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

Voinovich Government Center  
242 Federal Plaza West, 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 District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Struthers City School District, Mahoning County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 19, 2001

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**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,567,792	\$436,737	\$925,238	\$7,267,640
Cash and Cash Equivalents in Segregated Accounts				
Receivables:				
Taxes	4,830,229	58,065	929,889	90,501
Intergovernmental		155,185		99,899
Interfund	158,817			
Prepaid Items	2,741			
Inventory Held for Resale				
Materials and Supplies Inventory				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	141,336			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits</b>				
Amount Available in Debt Service				
Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b><u>\$6,700,915</u></b>	<b><u>\$649,987</u></b>	<b><u>\$1,855,127</u></b>	<b><u>\$7,458,040</u></b>
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$63,497	\$23,989		\$48,619
Accrued Wages and Benefits	1,129,054	162,286		
Compensated Absences Payable	39,636	16,883		
Interfund Payable		73,889		41,218
Intergovernmental Payable	100,415	22,457		
Deferred Revenue	4,830,229	173,050	929,889	190,400
Undistributed Monies	3,248			
Due to Students				
Claims Payable				
Energy Conservation Bonds Payable				
Asbestos Removal Loan Payable				
State Operating Loan Payable	1,088,110			
Energy Conservation Note Payable				
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<b><u>7,254,189</u></b>	<b><u>472,554</u></b>	<b><u>929,889</u></b>	<b><u>280,237</u></b>
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	220,801	38,424		690,145
Reserved for Budget Stabilization	141,336			
Unreserved:				
Undesignated (Deficit)	(915,411)	139,009	925,238	6,487,658
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b><u>(553,274)</u></b>	<b><u>177,433</u></b>	<b><u>925,238</u></b>	<b><u>7,177,803</u></b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$6,700,915</u></b>	<b><u>\$649,987</u></b>	<b><u>\$1,855,127</u></b>	<b><u>\$7,458,040</u></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	
\$9,008		\$25,095			\$10,231,510
	29,871				29,871
					5,908,684
41,175					296,259
					158,817
					2,741
8,604					8,604
1,998					1,998
					141,336
98,041			12,139,234		12,237,275
				925,238	925,238
				7,362,201	7,362,201
<b>\$158,826</b>	<b>\$29,871</b>	<b>\$25,095</b>	<b>\$12,139,234</b>	<b>\$8,287,439</b>	<b>\$37,304,534</b>
\$2,000					\$138,105
24,486					1,315,826
21,889				1,157,207	1,235,615
43,710					158,817
8,157				100,728	231,757
4,805					6,128,373
		3,851			7,099
		21,244			21,244
	136,537				136,537
				80,000	80,000
				5,306	5,306
					1,088,110
				348,600	348,600
				6,595,598	6,595,598
105,047	136,537	25,095		8,287,439	17,490,987
			12,139,234		12,139,234
137,208					137,208
(83,429)	(106,666)				(190,095)
					949,370
					141,336
					6,636,494
53,779	(106,666)		12,139,234		19,813,547
<b>\$158,826</b>	<b>\$29,871</b>	<b>\$25,095</b>	<b>\$12,139,234</b>	<b>\$8,287,439</b>	<b>\$37,304,534</b>

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues</b>					
Taxes	\$4,197,520	\$56,782	\$550,930	\$78,762	\$4,883,994
Intergovernmental	7,589,535	1,587,843	353,796	2,562,198	12,093,372
Interest	123,473	1,479		299,455	424,407
Tuition and Fees	90,579				90,579
Extracurricular Activities		198,384			198,384
Gifts and Donations	2,995	16,195			19,190
Rent	22,767				22,767
Miscellaneous	85,746	51,594		4,903	142,243
<i>Total Revenues</i>	<u>12,112,615</u>	<u>1,912,277</u>	<u>904,726</u>	<u>2,945,318</u>	<u>17,874,936</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	5,554,839	499,320			6,054,159
Special	1,406,138	465,616			1,871,754
Vocational	705,713	12,484			718,197
Adult/Continuing		1,160			1,160
Support Services:					
Pupils	417,047	180,919			597,966
Instructional Staff	144,760	231,956			376,716
Board of Education	63,727	800			64,527
Administration	1,026,891	119,049			1,145,940
Fiscal	409,818	4,813			414,631
Business	44,052				44,052
Operation and Maintenance of Plant	1,291,083				1,291,083
Pupil Transportation	273,209				273,209
Central	59,042	3,371			62,413
Operation of Non-Instructional Services	1,301	127,917			129,218
Extracurricular Activities	166,653	247,596			414,249
Capital Outlay				1,226,383	1,226,383
Debt Service:					
Principal Retirement			313,800	4,321,000	4,634,800
Interest and Fiscal Charges	60,681		300,975	123,995	485,651
<i>Total Expenditures</i>	<u>11,624,954</u>	<u>1,895,001</u>	<u>614,775</u>	<u>5,671,378</u>	<u>19,806,108</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>487,661</u>	<u>17,276</u>	<u>289,951</u>	<u>(2,726,060)</u>	<u>(1,931,172)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Bonds				4,241,097	4,241,097
Operating Transfers In		100,000	87,595	244,995	432,590
Operating Transfers Out	(187,595)		(244,995)		(432,590)
<i>Total Other Financing Sources (Uses)</i>	<u>(187,595)</u>	<u>100,000</u>	<u>(157,400)</u>	<u>4,486,092</u>	<u>4,241,097</u>
<i>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</i>	300,066	117,276	132,551	1,760,032	2,309,925
<i>Fund Balances (Deficit) Beginning of Year</i>	(853,340)	60,157	792,687	5,417,771	5,417,275
<b><i>Fund Balances (Deficit) End of Year</i></b>	<b><u>(\$553,274)</u></b>	<b><u>\$177,433</u></b>	<b><u>\$925,238</u></b>	<b><u>\$7,177,803</u></b>	<b><u>\$7,727,200</u></b>

See accompanying notes to the general purpose financial statements

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**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**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, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes	\$4,004,638	\$3,950,513	(\$54,125)	\$57,315	\$56,782	(\$533)
Intergovernmental	7,482,774	7,592,185	109,411	1,907,695	1,657,999	(249,696)
Interest	77,951	123,493	45,542	1,000	1,479	479
Tuition and Fees	82,000	81,290	(710)			
Extracurricular Activities				421,000	198,384	(222,616)
Gifts and Donations	9,000	2,995	(6,005)	8,600	16,195	7,595
Rent	25,000	22,767	(2,233)			
Miscellaneous	115,900	95,035	(20,865)	52,205	51,594	(611)
<b>Total Revenues</b>	<b>11,797,263</b>	<b>11,868,278</b>	<b>71,015</b>	<b>2,447,815</b>	<b>1,982,433</b>	<b>(465,382)</b>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	6,406,016	5,678,025	727,991	463,670	470,031	(6,361)
Special	1,359,220	1,426,141	(66,921)	586,795	470,214	116,581
Vocational	637,520	784,285	(146,765)	13,167	12,484	683
Adult/Continuing				3,456	1,298	2,158
Support Services:						
Pupils	516,316	435,282	81,034	177,371	176,444	927
Instructional Staff	172,288	173,855	(1,567)	261,351	230,422	30,929
Board of Education	117,339	83,059	34,280	2,000	800	1,200
Administration	1,002,718	1,039,973	(37,255)	76,771	120,815	(44,044)
Fiscal	391,362	421,211	(29,849)	12,690	4,940	7,750
Business	37,244	43,856	(6,612)			
Operation and Maintenance of Plant	1,548,831	1,351,728	197,103	50,000		50,000
Pupil Transportation	317,938	281,211	36,727			
Central	64,853	58,536	6,317	6,867	8,867	(2,000)
Operation of Non-Instructional Services	17,780	2,528	15,252	127,601	136,789	(9,188)
Extracurricular Activities	157,958	167,001	(9,043)	432,962	261,588	171,374
Capital Outlay						
Debt Service:						
Principal Retirement	255,118		255,118			
Interest and Fiscal Charges	126,515		126,515			
<b>Total Expenditures</b>	<b>13,129,016</b>	<b>11,946,691</b>	<b>1,182,325</b>	<b>2,214,701</b>	<b>1,894,692</b>	<b>320,009</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,331,753)</b>	<b>(78,413)</b>	<b>1,253,340</b>	<b>233,114</b>	<b>87,741</b>	<b>(145,373)</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds of Bonds						
Proceeds from Sale of Fixed Assets	20,000		(20,000)			
Advances In	23,000		(23,000)	7,648	7,698	50
Advances Out		(7,698)	(7,698)			
Operating Transfers In				100,000	100,000	
Operating Transfers Out	(5,000)	(187,595)	(182,595)			
<b>Total Other Financing Sources (Uses)</b>	<b>38,000</b>	<b>(195,293)</b>	<b>(233,293)</b>	<b>107,648</b>	<b>107,698</b>	<b>50</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(1,293,753)</b>	<b>(273,706)</b>	<b>1,020,047</b>	<b>340,762</b>	<b>195,439</b>	<b>(145,323)</b>
<b>Fund Balances Beginning of Year</b>	<b>1,476,853</b>	<b>1,476,853</b>		<b>120,048</b>	<b>120,048</b>	
Prior Year Encumbrances Appropriated	291,444	291,444		39,619	39,619	
<b>Fund Balances End of Year</b>	<b>\$474,544</b>	<b>\$1,494,591</b>	<b>\$1,020,047</b>	<b>\$500,429</b>	<b>\$355,106</b>	<b>(\$145,323)</b>

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$768,011	\$797,937	\$29,926	\$77,876	\$78,762	\$886	\$4,907,840	\$4,883,994	(\$23,846)
346,641	353,796	7,155	3,748,898	2,562,198	(1,186,700)	13,486,008	12,166,178	(1,319,830)
			412,000	299,455	(112,545)	490,951	424,427	(66,524)
						82,000	81,290	(710)
						421,000	198,384	(222,616)
						17,600	19,190	1,590
						25,000	22,767	(2,233)
						168,105	146,629	(21,476)
<u>1,114,652</u>	<u>1,151,733</u>	<u>37,081</u>	<u>4,238,774</u>	<u>2,940,415</u>	<u>(1,298,359)</u>	<u>19,598,504</u>	<u>17,942,859</u>	<u>(1,655,645)</u>
						6,869,686	6,148,056	721,630
						1,946,015	1,896,355	49,660
						650,687	796,769	(146,082)
						3,456	1,298	2,158
						693,687	611,726	81,961
						433,639	404,277	29,362
						119,339	83,859	35,480
			112		112	1,079,601	1,160,788	(81,187)
			9,748	2,064	7,684	413,800	428,215	(14,415)
						37,244	43,856	(6,612)
			221,892	74,593	147,299	1,820,723	1,426,321	394,402
						317,938	281,211	36,727
						71,720	67,403	4,317
						145,381	139,317	6,064
						590,920	428,589	162,331
			6,755,740	1,852,443	4,903,297	6,755,740	1,852,443	4,903,297
400,000	621,126	(221,126)		4,200,000	(4,200,000)	655,118	4,821,126	(4,166,008)
519,403	485,651	33,752				645,918	485,651	160,267
<u>919,403</u>	<u>1,106,777</u>	<u>(187,374)</u>	<u>6,987,492</u>	<u>6,129,100</u>	<u>858,392</u>	<u>23,250,612</u>	<u>21,077,260</u>	<u>2,173,352</u>
<u>195,249</u>	<u>44,956</u>	<u>(150,293)</u>	<u>(2,748,718)</u>	<u>(3,188,685)</u>	<u>(439,967)</u>	<u>(3,652,108)</u>	<u>(3,134,401)</u>	<u>517,707</u>
			2,000,000	4,246,000	2,246,000	2,000,000	4,246,000	2,246,000
						20,000		(20,000)
						30,648	7,698	(22,950)
							(7,698)	(7,698)
5,000	87,595	82,595				105,000	187,595	82,595
						(5,000)	(187,595)	(182,595)
<u>5,000</u>	<u>87,595</u>	<u>82,595</u>	<u>2,000,000</u>	<u>4,246,000</u>	<u>2,246,000</u>	<u>2,150,648</u>	<u>4,246,000</u>	<u>2,095,352</u>
200,249	132,551	(67,698)	(748,718)	1,057,315	1,806,033	(1,501,460)	1,111,599	2,613,059
790,689	790,689		3,751,091	3,751,091		6,138,681	6,138,681	
1,998	1,998		1,679,253	1,679,253		2,012,314	2,012,314	
<u>\$992,936</u>	<u>\$925,238</u>	<u>(\$67,698)</u>	<u>\$4,681,626</u>	<u>\$6,487,659</u>	<u>\$1,806,033</u>	<u>\$6,649,535</u>	<u>\$9,262,594</u>	<u>\$2,613,059</u>

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b>Operating Revenues</b>			
Sales	\$162,929		\$162,929
Charges for Services		214,071	214,071
<i>Total Operating Revenues</i>	<u>162,929</u>	<u>214,071</u>	<u>377,000</u>
<b>Operating Expenses</b>			
Salaries	218,723		218,723
Fringe Benefits	53,606		53,606
Purchased Services	14,493	6,452	20,945
Materials and Supplies	7,691		7,691
Cost of Sales	233,105		233,105
Depreciation	8,397		8,397
Claims		172,598	172,598
Other	13,562		13,562
<i>Total Operating Expenses</i>	<u>549,577</u>	<u>179,050</u>	<u>728,627</u>
<i>Operating Income (Loss)</i>	<u>(386,648)</u>	<u>35,021</u>	<u>(351,627)</u>
<b>Non-Operating Revenues</b>			
Donated Commodities	28,747		28,747
Interest	17		17
Operating Grants	355,230		355,230
<i>Total Non-Operating Revenues</i>	<u>383,994</u>		<u>383,994</u>
<i>Net Income</i>	(2,654)	35,021	32,367
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>(80,775)</u>	<u>(141,687)</u>	<u>(222,462)</u>
<i>Retained Earnings (Deficit) End of Year</i>	(83,429)	(106,666)	(190,095)
Contributed Capital Beginning and End of Year	<u>137,208</u>		<u>137,208</u>
<b>Total Fund Equity (Deficit) End of Year</b>	<u><u>\$53,779</u></u>	<u><u>(\$106,666)</u></u>	<u><u>(\$52,887)</u></u>

See accompanying notes to the general purpose financial statements

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**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, 2001**

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Sales	\$201,000	\$162,929	(\$38,071)
Interest		17	17
Operating Grants	<u>325,000</u>	<u>314,055</u>	<u>(10,945)</u>
<i>Total Revenues</i>	<u>526,000</u>	<u>477,001</u>	<u>(48,999)</u>
<b>Expenses</b>			
Salaries	202,000	208,851	(6,851)
Fringe Benefits	76,450	55,586	20,864
Purchased Services	26,161	13,737	12,424
Materials and Supplies	263,922	216,088	47,834
Capital Outlay	7,786	870	6,916
Other	<u>3,700</u>	<u>14,862</u>	<u>(11,162)</u>
<i>Total Expenses</i>	<u>580,019</u>	<u>509,994</u>	<u>70,025</u>
<i>Excess of Revenues Under Expenses</i>	(54,019)	(32,993)	21,026
Operating Transfers In	<u>75,000</u>		<u>(75,000)</u>
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	20,981	(32,993)	(53,974)
<i>Fund Equity Beginning of Year</i>	16,877	16,877	
Prior Year Encumbrances Appropriated	<u>10,619</u>	<u>10,619</u>	
<b><i>Fund Equity (Deficit) End of Year</i></b>	<b><u><u>\$48,477</u></u></b>	<b><u><u>(\$5,497)</u></u></b>	<b><u><u>(\$53,974)</u></u></b>

*See accompanying notes to the general purpose financial statements*

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<b>Proprietary Fund Types</b>		<b>Totals</b>
	<b>Enterprise</b>	<b>Internal Service</b>	<b>(Memorandum Only)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$162,929		\$162,929
Cash Received from Quasi-External Operating Transactions with Other Funds		214,071	214,071
Cash Payments to Suppliers for Goods and Services	(223,660)	(6,452)	(230,112)
Cash Payments to Employees for Services	(208,851)		(208,851)
Cash Payments for Employee Benefits	(55,092)		(55,092)
Cash Payments for Claims		(192,764)	(192,764)
Cash Payments for Other Operating Expenses	(13,562)		(13,562)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(338,236)</u>	<u>14,855</u>	<u>(323,381)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Grants	314,055		314,055
Short Term Loans Received from Other Funds	6,548		6,548
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>320,603</u>		<u>320,603</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for Capital Acquisitions	(870)		(870)
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	17		17
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(18,486)	14,855	(3,631)
<i>Cash and Cash Equivalents Beginning of Year</i>	27,494	15,016	42,510
<i>Cash and Cash Equivalents End of Year</i>	<u>\$9,008</u>	<u>\$29,871</u>	<u>\$38,879</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
<i>Operating Income (Loss)</i>	<u>(\$386,648)</u>	<u>\$35,021</u>	<u>(\$351,627)</u>
<i>Adjustments:</i>			
Depreciation	8,397		8,397
Donated Commodities Used During Year	28,747		28,747
<i>Decrease in Assets:</i>			
Inventory Held for Resale	228		228
Materials and Supplies Inventory	1,862		1,862
<i>Increase/(Decrease) in Liabilities:</i>			
Accounts Payable	792		792
Accrued Wages and Benefits	(1,452)		(1,452)
Compensated Absences Payable	11,323		11,323
Intergovernmental Payable	(1,485)		(1,485)
Claims Payable		(20,166)	(20,166)
<i>Total Adjustments</i>	<u>48,412</u>	<u>(20,166)</u>	<u>28,246</u>
<b><i>Net Cash Provided by (Used for) Operating Activities</i></b>	<b><u>(\$338,236)</u></b>	<b><u>\$14,855</u></b>	<b><u>(\$323,381)</u></b>

See accompanying notes to the general purpose financial statements



**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**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 140 certified full-time teaching personnel and 13 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 2001 fiscal year was 2,101. 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 State monies is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with a shared risk pool and three jointly governed organizations. These organizations are presented in Notes 17 and 18 to the General Purpose Financial Statements. These organizations are Mahoning County Insurance Consortium, Area Cooperative Computerized Educational Service System, Mahoning County Career and Technical Center and Ohio Schools Council.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**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  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

**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 (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

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. The full accrual basis of accounting is followed for the proprietary funds.

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

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

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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.

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

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

**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.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow and are intended to be repaid.

**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.

**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 2001.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

**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 adopted during the fiscal year, 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 title VI and title I special revenue funds, emergency school repair capital projects fund and food service enterprise fund had expended more than their equity interest in the pooled bank account at June 30, 2001. 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  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

During fiscal year 2001, investments were limited to STAR Ohio and repurchase agreements. Repurchase agreements are reported at cost. Investments in STAR Ohio are reported at fair market value which is based on quoted market prices. 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, 2001.

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 2001 amounted to \$123,473, which includes \$53,744 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 amounts required by state statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

***G. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

***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. 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".

***J. 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.



**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

***K. 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.

***L. 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 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.

***M. 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.

***N. Fund Balance Reserves***

The School District reserves those portions of fund equity which are legally segregated for a 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 and budget stabilization.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

***O. Estimates***

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

***P. 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.

**3. Change in Accounting Principle and Restatement of Fund Balance**

***Change in Accounting Principles*** For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." At June 30, 2001 there was no effect on fund balance as a result of these implementations.

***Restatement of Fund Balance*** At June 30, 2000, the fund balance in the General Fund was overstated by \$15,357 due to an overstatement of notes payable. Fund balance was restated from \$837,983 to \$853,340. The effect on Excess of Revenues and Other Financing Sources over Expenditures and Other Financing Uses went from \$504,149 to \$488,792.

**4. Accountability and Compliance**

***A. Accountability***

Fund balance/retained earnings at June 30, 2001, included the following individual fund deficits:

	Deficit Fund Balance/ Retained Earnings
General Fund	\$553,274
Special Revenue Funds:	
Vocational Education	38,884
Disadvantaged Pupil Impact Aid	31,182
Title VI-B	6,616
Title I	59,632
Emergency Building Repair Capital Projects Fund	41,218
Food Service Enterprise Fund	92,438
Self Insurance Internal Service Fund	106,666

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. Accountability and Compliance (Continued)**

The general fund concluded fiscal year 2001 with a fund balance of (\$553,274). 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, Disadvantaged Pupil Impact Aid, Title VI-B, and Title I special revenue and Emergency Building Repair capital projects funds resulted from accrual accounting. 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 ensure that the funds are self-sustaining.

**B. Legal Compliance**

Contrary to Section 5705.39, Ohio Revised Code, the following fund had appropriations in excess of estimated revenues plus carry over balances at June 30, 2001:

	Estimated Revenues Plus Carryover Balances	Appropriations	Excess
<i>Capital Projects Fund:</i>			
School Net Technical Equity	\$33,104	\$35,810	(\$2,706)

The School District had negative cash balances in the following funds indicating that revenues from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10:

Special Revenue Funds:

Title I	\$14,043
Title VI	5,170
Food Service Enterprise Fund	6,548

**5. 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:

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**5. Budgetary Basis of Accounting (Continued)**

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).
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  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$300,066	\$117,276	\$132,551	\$1,760,032
Revenue Accruals	(12,687)	70,156	0	0
Tax Revenue for Debt Repayment	(247,007)	0	247,007	0
Advance In	0	7,698	0	0
Transfers In	0	0	0	(244,995)
Expenditure Accruals	(88,763)	62,727	0	36,046
Debt Service:				
Principal	0	0	(307,326)	121,000
Interest	60,681	0	(184,676)	123,995
Advances Out	(7,698)	0	0	0
Transfers Out	0	0	244,995	0
Encumbrances	(278,298)	(62,418)	0	(738,763)
Budget Basis	<u>(\$273,706)</u>	<u>\$195,439</u>	<u>\$132,551</u>	<u>\$1,057,315</u>

**STRUTHERS CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**5. Budgetary Basis of Accounting (Continued)**

Net Income /Excess of Revenues  
Over (Under) Expenses and Operating Transfers  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$2,654)	\$35,021
Revenue Accruals	(69,922)	0
Expense Accruals	56,810	0
Depreciation Expense	(8,397)	0
Capital Outlay	(870)	0
Net Income for Non-Budgeted Fund	0	(35,021)
Encumbrances	(7,960)	0
Budget Basis	(\$32,993)	\$0

**6. 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;

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. Deposits and Investments (Continued)**

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;
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 fiscal year-end, the School District had \$3,218 in undeposited cash 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".

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. Deposits and Investments (Continued)**

**Deposits** At fiscal year-end, the carrying amount of the School District's deposits was \$5,770,948 and the bank balance was \$8,130,263. Of the bank balance, \$429,865 was covered by federal depository insurance and \$7,700,398 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 STAROhio, 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.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$4,473,653	\$4,473,653	\$4,473,653
STAROhio		154,898	154,898
Total		\$4,628,551	\$4,628,551

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 classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$10,402,717	\$0
Cash on Hand	(3,218)	
Investments:		
Repurchase Agreements	(4,473,653)	4,473,653
STAROhio	(154,898)	154,898
GASB Statement No. 3	\$5,770,948	\$4,628,551

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**7. 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 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 year 2001 for real and public utility property taxes represents collections of calendar year 2000 taxes. Property tax payments received during calendar year 2001 for tangible personal property (other than public utility property) is for calendar year 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, 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. 2001 public utility taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the values as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed value upon which fiscal year 2001 taxes were collected are:

	<u>2000 Second- Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$93,558,310	83.25%	\$112,541,400	86.15%
Public Utility	8,813,160	7.84	8,336,650	7.47
Tangible Personal Property	10,011,940	8.91	9,756,420	6.38
Total Assessed Value	<u>\$112,383,410</u>	<u>100.00%</u>	<u>\$130,634,470</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$59.10		\$64.30	

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.



**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**7. Property Taxes (Continued)**

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, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

There was no amount available to the School District as an advance at June 30, 2001.

**8. Receivables**

Receivables at June 30, 2001, consisted of property taxes, interfund and intergovernmental grants. All receivables are considered collectible in full when due.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Special Revenue Funds:	
Title VI-B	\$21,446
Title I	110,156
Title VI	9,170
Drug Free Grant	9,549
Miscellaneous Federal Grant	4,864
Total Special Revenue Funds	155,185
Capital Projects Fund:	
Emergency Building Repair	99,899
Enterprise Fund:	
Food Service	41,175
Total All Funds	\$296,259

**9. Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$337,547
Less Accumulated Depreciation	(239,506)
<i>Net Fixed Assets</i>	\$98,041

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**9. Fixed Assets (Continued)**

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$436,200	\$0	\$0	\$436,200
Buildings and Improvements	8,263,551	0	0	8,263,551
Furniture, Fixtures and Equipment	2,926,278	126,720	(144,089)	2,908,909
Vehicles	558,749	0	(28,175)	530,574
<i>Totals</i>	<u>\$12,184,778</u>	<u>\$126,720</u>	<u>(\$172,264)</u>	<u>\$12,139,234</u>

There was no significant construction in progress at June 30, 2001.

**10. 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 2001, the School District contracted with the Indiana 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 Indiana Insurance 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 \$886.76 for family coverage and \$368.31 for single coverage per employee per month.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**10. Risk Management (Continued)**

The School District has elected to provide vision and dental benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$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 \$136,537 reported in the internal service fund at June 30, 2001, 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 years 1999, 2000, and 2001 were:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$96,173	\$222,475	\$206,510	\$112,138
2000	112,138	242,076	197,511	156,703
2001	156,703	172,598	192,764	136,537

**11. Defined Benefit Pension Plans**

**A. School Employees Retirement System**

The Struthers City 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 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. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. Defined Benefit Pension Plans (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the Struthers City 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 2001, 4.20 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS's Retirement Board. The Struthers City School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$61,605, \$88,707, and \$114,557 respectively; 55.06 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$27,683 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The Struthers City 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, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The Struthers City School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund obligations was 6 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, 2001, 2000, and 1999 were \$581,161, \$368,460, and \$354,456, respectively; 93.95 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$35,182 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

**12. 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 funded on a pay-as-you-go basis.

**STRUTHERS CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**12. Postemployment Benefits (Continued)**

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$275,287 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. 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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. 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 2001, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$177,087.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**13. Debt**

The School District's note activity for the fiscal year ended June 30, 2001, is as follows:

	Balance 6/30/00	Additions	Deletions	Balance 6/30/01
<i>General Fund:</i>				
State Operating Loan 5.10%	\$1,274,436	\$0	\$186,326	\$1,088,110

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**13. Debt (Continued)**

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
2002	\$196,053	\$50,953
2003	206,289	40,717
2004	217,060	29,947
2005	228,392	18,614
2006	240,316	6,647
<i>Total</i>	\$1,088,110	\$146,878

**14. 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 260 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 45 days, for certified employees. Classified employees receive payment for one-fourth of accumulated sick leave up to 180 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 School 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 Relistar Insurance Company.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**15. Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
<b>General Obligation Bonds:</b>				
1992 School Improvements 6.5% \$3,799,501	\$2,569,501	\$0	\$215,000	\$2,354,501
2000 Classroom Facilities Bonds	0	4,195,097	0	4,195,097
2001 Real Estate Acquisition Bond	0	46,000	0	46,000
<i>Total General Obligation Bonds</i>	<u>2,569,501</u>	<u>4,241,097</u>	<u>215,000</u>	<u>6,595,598</u>
1998 Energy Conservation Bonds Payable 4.9% \$373,600	155,000	0	75,000	80,000
1992 Asbestos Removal Loan 0% \$45,000	10,306	0	5,000	5,306
2000 School Facilities Notes Payable 4.85%	4,321,000	0	4,321,000	0
1995 Energy Conservation Notes Payable 4.9% \$480,000	367,400	0	18,800	348,600
Intergovernmental Payable	125,803	100,728	125,803	100,728
Compensated Absences	1,001,766	155,441	0	1,157,207
<i>Total General Long-Term Obligations</i>	<u><u>\$8,550,776</u></u>	<u><u>\$4,497,266</u></u>	<u><u>\$4,760,603</u></u>	<u><u>\$8,287,439</u></u>

The general obligation bonds, energy conservation bonds and interest-free asbestos loan will be paid from the debt service fund. The 2000 Classroom Facilities Bonds were issued at a \$4,903 premium. 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.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**15. Long-Term Obligations (Continued)**

The School District's overall legal debt margin at June 30, 2001 was \$6,355,342 with an unvoted debt margin of \$130,634 at June 30, 2001. 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
2002	\$353,367	\$326,563	\$80,000	\$3,920	\$5,306	\$19,700	\$17,325
2003	333,764	307,168	0	0	0	20,700	16,346
2004	228,656	420,013	0	0	0	21,700	15,318
2005	228,537	417,954	0	0	0	22,800	14,239
2006	233,633	414,903	0	0	0	23,900	13,106
2007-	1,862,724	1,297,431	0	0	0	138,800	46,465
2012-	1,404,917	1,388,253	0	0	0	101,000	10,208
2017-	1,315,000	362,863	0	0	0	0	0
2022-	635,000	35,336	0	0	0	0	0
<i>Total</i>	<u>\$6,595,598</u>	<u>\$4,970,484</u>	<u>\$80,000</u>	<u>\$3,920</u>	<u>\$5,306</u>	<u>\$348,600</u>	<u>\$133,007</u>

**16. Interfund Transactions**

Interfund balances at June 30, 2001, consist of the following individual fund receivables and payables:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$158,817	\$0
Special Revenue Funds:		
Vocational Education	0	39,426
DPIA	0	15,200
Title I	0	14,043
Title VI	0	5,170
Other Federal Grants	0	50
Total Special Revenue Funds	0	73,889
Emergency School Repair Capital Projects Fund	0	41,218
Food Service Enterprise Fund	0	43,710
<i>Total All Funds</i>	<u>\$158,817</u>	<u>\$158,817</u>



**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**17. 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, 100 Debartolo Place, Suite 105, Youngstown, Ohio 44512-7019.

**18. Jointly Governed Organizations**

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

The Area Cooperative Computerized Educational Service System (ACCESS) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based on a per pupil charge. The School District contributed \$43,268 to ACCESS during fiscal year 2001. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Suite 105, Youngstown, Ohio 44512-7019.

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

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts. During fiscal year 2001 no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Career and Technical Center, 7300 North Palmyra Road, Canfield, Ohio, 44406.

***C. Ohio Schools Council***

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2001, the School District paid \$750 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**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, 2001.

**B. Litigation**

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

**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, 2001.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$154,086	\$8,843	\$162,929
Depreciation Expense	8,397	0	8,397
Operating Income (Loss)	(387,800)	1,152	(386,648)
Donated Commodities	28,747	0	28,747
Operating Grants	355,230	0	355,230
Net Income	(3,806)	1,152	(2,654)
Fixed Assets Additions	870	0	870
Net Working Capital	(53,270)	9,008	(44,262)
Total Assets	149,818	9,008	158,826
Total Equity	44,771	9,008	53,779
Long-Term Compensated Absences	21,889	0	21,889
Encumbrances Outstanding at June 30, 2001	7,015	945	7,960

**21. Set-Asides**

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

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**21. Set-Asides (Continued)**

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

	Budget Stabilization Reserve	Textbook/ Instructional Materials	Capital Improvements
Set-aside balance as of June 30, 2000	\$232,854	\$0	\$61,148
Current year set-aside requirement	0	268,785	268,785
Reductions Authorized by Legislative Revisions	(91,518)	0	0
Qualifying offsets	0	0	(78,762)
Qualifying disbursements	0	(428,812)	(512,598)
<b>Totals</b>	<b>\$141,336</b>	<b>(\$160,027)</b>	<b>(\$261,427)</b>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$141,336</u>	<u>(\$160,027)</u>	<u>\$0</u>
Cash balance carried forward to Fiscal Year 2002	<u>\$141,336</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$141,336.

**22. Contractual Commitments**

At June 30, 2001, the School District had the following contractual purchase commitments:

Company	Amount Remaining on Contract
Hanahan, Strollo and	\$694,330
MS Consultants	8,919
ACA Engineering	5,000
John Cernica and Associates	3,900
Chase Manhattan	8,832
<b>Total</b>	<b>\$720,981</b>

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**23. State School Funding Decision**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 19, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disburse- ments</b>	<b>Non-Cash Disburse- ments</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	-	\$27,894	-	\$27,894
National School Breakfast Program		10.553	\$49,915	-	\$49,915	-
National School Lunch Program		10.555	243,585	-	243,585	-
Total Department of Agriculture - Nutrition Cluster			<u>293,500</u>	<u>27,894</u>	<u>293,500</u>	<u>27,894</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Basic Education	AB-S1-00	84.002	500	-	3,841	-
Educationally Deprived Children Local Educational Agencies - Title I	C1-S1-00 C1-S1-01	84.010 84.010	95,821 485,672	- -	1,300 499,715	- -
Total			581,493	-	501,015	-
Handicapped State Grants - Title VI-B	6B-SF-00 6B-SF-01	84.027 84.027	14,534 111,037	- -	(287) 108,558	- -
Total			125,571	-	108,271	-
Drug Free Schools and Communities	DR-S1-99 DR-S1-00 DR-S1-01	84.186 84.186 84.186	0 3,687 8,914	- - -	4,994 2,659 5,549	- - -
Total			12,601	-	13,202	-
Family & School Partnership	G2-S4-00	84.276	50	-	503	-
Dwight D. Eisenhower Professional Development Grant	MS-S1-00 MS-S1-01	84.281 84.281	2,454 10,907	- -	2,356 10,907	- -
Total			13,361	-	13,263	-
Title VI - Innovative Education Program	C2-S1-00 C2-S1-01	84.298 84.298	0 2,013	- -	(4,482) 5,698	- -
Total			2,013	-	1,216	-
Technical Literacy Program	TF-S2-99	84.318	0	-	57,253	-
Title VI - R	CR-S1-00 CR-S1-01	84.340 84.340	8,381 77,276	- -	15,127 58,989	- -
Total			85,657	-	74,116	-
Total Department of Education			<u>821,246</u>	<u>-</u>	<u>772,680</u>	<u>-</u>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>passed through Ohio Department of MRDD</i>						
Community Alternative Funding System		93.778	34,119	-	44,701	-
Total Department of Health and Human Services			<u>34,119</u>	<u>-</u>	<u>44,701</u>	<u>-</u>
<b>Totals</b>			<u>\$1,148,865</u>	<u>\$27,894</u>	<u>\$1,110,881</u>	<u>\$27,894</u>

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

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary 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, 2001, the District had no significant food commodities in inventory.



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

Voinovich Government Center  
242 Federal Plaza West, 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 the Struthers City School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 19, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-11150-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 19, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 19, 2001.

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

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

December 19, 2001





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

Voinovich 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 A 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 the Struthers City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The 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 District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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 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 District's compliance with those requirements.

In our opinion, the 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, 2001.

**Internal Control Over Compliance**

The management of the 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 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.

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. We noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to the management of the Struthers City School District in a separate letter dated December 19, 2001.

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

December 19, 2001

**STRUTHERS CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
JUNE 30, 2001**

**OMB CIRCULAR A -133 § .505**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I - CFDA #84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**STRUTHERS CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS  
JUNE 30, 2001**

**OMB CIRCULAR A -133 § .505**

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

<b>Finding Number</b>	<b>2001-11150-001</b>
-----------------------	-----------------------

**Ohio Revised Code § 5705.41 (B)** prohibits a School District from making an expenditure unless it has been properly appropriated.

The following fund had total expenditures exceeding total appropriations at fiscal year end:

	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
Bond Retirement (002)	\$ 919,403	\$ 1,106,775	(187,372)

The Treasurer should monitor expenditures compared with appropriations throughout the year. Needed adjustments should be made on a timely basis.

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

None

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY  
JUNE 30, 2001**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2000-11150-001	There were several deficiencies in the area of student activities. Budgets had not been prepared or approved, Sales Project Potential forms had not been filled out or approved, the work of the new Student Activities Co-ordinator had not been checked, and the advisors did not retain all pertinent documents relative to the fund raisers.	Yes	Completely corrected.





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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 29, 2002**