



Dave Yost • Auditor of State

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Struthers City School District, Mahoning County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Struthers City School District, Mahoning County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

August 30, 2013

Struthers City School District

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited*

This discussion and analysis of Struthers City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets decreased by \$1,204,617, which represents a 5 percent decrease from fiscal year 2011.
- Revenues for governmental activities totaled \$20,436,627 in fiscal year 2012. Of this total, 80 percent consisted of general revenues while program revenues accounted for the balance of 20 percent.
- Program expenses totaled \$21,641,244. Instructional expenses made up 66 percent of this total while support services accounted for 25 percent. Other expenses rounded out the remaining 9 percent.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$16,832,518 in revenues and \$17,097,783 in expenditures, excluding other financing sources and uses. During fiscal year 2012, the general fund's fund balance decreased \$799,668, or 14 percent.
- The District's other major governmental fund is the bond retirement fund. The bond retirement fund had \$537,643 in revenues and \$604,878 in expenditures. During fiscal year 2012, the bond retirement fund balance decreased \$67,235, or 5 percent.

Using this Annual Financial Report

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

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

Struthers City School District

Mahoning County, Ohio

*Management's Discussion and Analysis
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Unaudited*

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially in fiscal year 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement debt service fund.

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

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

Struthers City School District

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited*

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

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23-49 of this report.

The School District as a Whole

Recall that the statement of net assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2012 compared to 2011:

	2012	2011	Change
Assets			
Current and Other Assets	\$15,535,339	\$15,980,702	(\$445,363)
Capital Assets, Net of Depreciation	21,656,101	22,845,983	(1,189,882)
<i>Total Assets</i>	<u>37,191,440</u>	<u>38,826,685</u>	<u>(1,635,245)</u>
Liabilities			
Current Liabilities	7,043,947	7,176,517	(132,570)
Long-Term Liabilities			
Due within One Year	675,169	744,308	(69,139)
Due in More than One Year	4,340,676	4,569,595	(228,919)
<i>Total Liabilities</i>	<u>12,059,792</u>	<u>12,490,420</u>	<u>(430,628)</u>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	18,604,831	19,451,276	(846,445)
Restricted	1,493,324	1,695,125	(201,801)
Unrestricted	5,033,493	5,189,864	(156,371)
<i>Total Net Assets</i>	<u>\$25,131,648</u>	<u>\$26,336,265</u>	<u>(\$1,204,617)</u>

Total assets decreased by \$1,635,245. The majority of this decrease can be attributed to a slight decrease in cash and cash equivalents and a large decrease in capital assets due to annual depreciation exceeding capital outlays in the current period.

Total liabilities decreased by \$430,628. The majority of this decrease was due to a reduction in principal owed on long-term debt and short-term notes payable.

By comparing assets and liabilities, one can see the overall position of the School District has declined as evidenced by the decrease in net assets of \$1,204,617.

Struthers City School District

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited*

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$16,313,739 or 80 percent of the total revenue. The most significant portion of general revenue is grants and entitlements. The remaining amount of revenue received was in the form of program revenues, which equaled \$4,122,888 or 20 percent of total revenue.

Table 2 shows the changes in net assets for fiscal year 2012 as compared to fiscal year 2011.

Table 2
Change in Net Assets
Governmental Activities

	2012	2011	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,775,209	\$1,785,457	(\$10,248)
Operating Grants and Contributions	2,347,679	3,486,561	(1,138,882)
Capital Grants and Contributions	0	14,505	(14,505)
Total Program Revenues	4,122,888	5,286,523	(1,163,635)
General Revenues			
Property Taxes	4,748,420	4,815,477	(67,057)
Intergovernmental	11,504,352	11,770,172	(265,820)
Investment Earnings	9,263	15,400	(6,137)
Miscellaneous	51,704	46,692	5,012
Gain on Sale of Capital Assets	0	14,505	(14,505)
Total General Revenues	16,313,739	16,662,246	(348,507)
Total Revenues	20,436,627	21,948,769	(1,512,142)
Program Expenses			
Current:			
Instruction	14,331,082	14,427,447	(96,365)
Support Services:			
Pupils	738,961	585,010	153,951
Instructional Staff	231,904	263,417	(31,513)
Board of Education	175,871	56,067	119,804
Administration	1,181,792	1,176,103	5,689
Fiscal	781,972	526,091	255,881
Business	67,225	59,499	7,726
Operation and Maintenance of Plant	1,722,734	1,894,490	(171,756)
Pupil Transportation	428,405	505,822	(77,417)
Central	54,514	53,586	928
Operation of Non-Instructional Services	104,404	136,028	(31,624)
Operation of Food Services	884,552	837,131	47,421
Extracurricular Activities	743,553	685,527	58,026
Interest and Fiscal Charges	194,275	230,868	(36,593)
Total Program Expenses	21,641,244	21,437,086	204,158
Change in Net Assets	(1,204,617)	511,683	(1,716,300)
Net Assets Beginning of Year	26,336,265	25,824,582	511,683
Net Assets End of Year	\$25,131,648	\$26,336,265	(\$1,204,617)

Struthers City School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited

Governmental Activities

Net assets of the District's governmental activities decreased \$1,204,617. Total governmental expenses of \$21,641,244 were only partially offset by program revenues of \$4,122,888 and general revenues of \$16,313,739. Program revenues supported 19 percent of total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 80 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instructional expenses totaled \$14,331,082 or 66 percent of total governmental expenses for fiscal year 2012.

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

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2012		2011	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$8,737,839	\$7,934,933	\$9,175,482	\$7,964,965
Special	3,866,757	2,668,914	3,498,906	1,891,915
Vocational	386,025	356,273	536,522	419,419
Other	1,340,461	1,197,921	1,216,537	898,526
Support Services:				
Pupils	738,961	651,995	585,010	534,339
Instructional Staff	231,904	103,873	263,417	114,667
Board of Education	175,871	162,470	56,067	50,256
Administration	1,181,792	1,078,836	1,176,103	980,614
Fiscal	781,972	719,947	526,091	475,384
Business	67,225	61,997	59,499	54,265
Operation and Maintenance of Plant	1,722,734	1,544,999	1,894,490	1,666,433
Pupil Transportation	428,405	399,536	505,822	403,772
Central	54,514	50,674	53,586	36,235
Operation of Non-Instructional Services	104,404	(13,021)	136,028	63,105
Food Service Operation	884,552	(96,475)	837,131	(38,399)
Extracurricular Activities	743,553	501,209	685,527	404,199
Interest and Fiscal Charges	194,275	194,275	230,868	230,868
Total Expenditures	\$21,641,244	\$17,518,356	\$21,437,086	\$16,150,563

The dependence upon property taxes and other general revenues for governmental activities is apparent. 85 percent of instruction activities are supported through property taxes and other general revenues. For all governmental activities, general revenue support is 75 percent. The District's taxpayers, as a whole, are by far the primary support for the District's students.

Struthers City School District

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited*

The School District's Funds

Information regarding the School District's major funds begins on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,546,191 to offset expenditures of \$20,861,845. The net change in fund balance for the year was most significant in the general fund, which decreased \$799,668. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, intergovernmental revenues and property taxes are the largest revenue sources, accounting for more than 68 percent and 22 percent respectively, of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Struthers City School District.

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the School District amended its general fund budget once. For the general fund, original budgeted revenues were \$17,575,546 and final budgeted revenues were \$16,638,253. Actual revenues for fiscal year 2012 were \$16,651,769. This represents an insignificant increase of \$13,516 from final budgeted revenues.

General fund original and final appropriations of \$17,973,883 were not changed during the fiscal year. The actual budget basis expenditures for fiscal year 2012 totaled \$17,281,271, which were \$692,612 less than original and final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the School District had \$21,656,101 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks.

Table 4 shows fiscal year 2012 balances compared to fiscal year 2011:

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

	2012	2011
Land	\$422,600	\$422,600
Land Improvements	1,053,684	1,127,622
Buildings and Improvements	19,313,514	20,348,792
Furniture and Equipment	410,109	420,038
Vehicles	456,194	526,931
Total	\$21,656,101	\$22,845,983

Struthers City School District

Mahoning County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
Unaudited*

All capital assets, except land, are reported net of depreciation. The overall decrease in capital assets of \$1,189,882 is due to capital outlays of \$89,987 being less than current year depreciation of \$1,279,869 during the fiscal year. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Long-Term Obligations

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

Table 5
Outstanding Long-Term Obligations at Year End

	<u>2012</u>	<u>2011</u>
General Obligation Bonds	\$3,543,267	\$3,918,379
Energy Conservation Notes	69,000	101,000
Compensated Absences	1,403,578	1,294,524
Total	<u>\$5,015,845</u>	<u>\$5,313,903</u>

At June 30, 2012, the District had \$3,543,267 in general obligation bonds, \$69,000 in energy conservation notes and \$1,403,578 in compensated absences outstanding. Of this total, \$675,169 is due within one year and the rest is due in more than one year. For more information about the School District's long-term obligations, see Note 15 to the basic financial statements.

Current Financial Issues

Struthers City School District has a weak financial outlook due to its dependence upon grants and State entitlements coupled with an over reliance on taxes for the District coming from local residents as well as business and industry amounting to 20 percent. One can see the significant impact of any external market changes would have on the District, and ultimately, the residential taxpayers. The Struthers City School District has not anticipated any meaningful growth in State revenue due to the concern the State may require the redistribution of commercial and industrial property taxes.

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

Struthers City School District

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*Management's Discussion and Analysis
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An examination of the district's expenditure per pupil data as published by the Ohio Department of Education reveals the success of the district's ongoing cost reduction program:

<u>Fiscal Year</u>	<u>Expense Per Pupil</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
2012	\$9,000	+\$80	+1%
2011	\$8,920	+\$756	+8%
2010	\$8,164	+\$666	+8%
2009	\$7,498	+\$273	+4%
2008	\$7,225	(\$301)	(4%)
2007	\$7,526	(\$88)	(1%)
2006	\$7,614	Base	Base

In addition, the District was able to pass a 5 year 6.9 mill general operating levy in May of 2006, which secured for the District a positive five year cash flow forecast for the general fund and stability for its educational programs. In May 2011, the district's voters renewed this operating levy for an additional 5 years.

Contacting the School District's Financial Management

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

Struthers City School District

Mahoning County, Ohio

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,805,597
Accounts Receivable	791
Intergovernmental Receivable	263,351
Property Taxes Receivable	5,382,677
Inventory Held for Resale	8,158
Materials and Supplies Inventory	3,485
Unamortized Bond Issuance Costs	71,280
Nondepreciable Capital Assets	422,600
Depreciable Capital Assets, Net	21,233,501
<i>Total Assets</i>	<u>37,191,440</u>
Liabilities	
Accounts Payable	13,844
Accrued Wages and Benefits Payable	1,798,951
Intergovernmental Payable	530,343
Matured Compensated Absences Payable	4,500
Accrued Interest Payable	9,731
Deferred Revenue	4,686,578
Long-Term Liabilities:	
Due Within One Year	675,169
Due In More Than One Year	4,340,676
<i>Total Liabilities</i>	<u>12,059,792</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	18,604,831
Restricted for:	
Capital Projects	15,531
Debt Service	875,784
Other Purposes	579,380
Set-asides	22,629
Unrestricted	5,033,493
<i>Total Net Assets</i>	<u>\$25,131,648</u>

See accompanying notes to the basic financial statements

Struthers City School District

Mahoning County, Ohio

Statement of Activities

For the Fiscal Year Ended June 30, 2012

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
Governmental Activities				
Current:				
Instruction:				
Regular	\$8,737,839	\$577,346	\$225,560	(\$7,934,933)
Special	3,866,757	205,954	991,889	(2,668,914)
Vocational	386,025	29,752	0	(356,273)
Other	1,340,461	91,975	50,565	(1,197,921)
Support Services:				
Pupils	738,961	53,463	33,503	(651,995)
Instructional Staff	231,904	8,218	119,813	(103,873)
Board of Education	175,871	13,215	186	(162,470)
Administration	1,181,792	90,116	12,840	(1,078,836)
Fiscal	781,972	58,774	3,251	(719,947)
Business	67,225	5,228	0	(61,997)
Operation and Maintenance of Plant	1,722,734	113,241	64,494	(1,544,999)
Pupil Transportation	428,405	28,869	0	(399,536)
Central	54,514	3,840	0	(50,674)
Operation of Non-Instructional Services	104,404	389	117,036	13,021
Operation of Food Services	884,552	284,523	696,504	96,475
Extracurricular Activities	743,553	210,306	32,038	(501,209)
Interest and Fiscal Charges	194,275	0	0	(194,275)
<i>Total Governmental Activities</i>	<u>\$21,641,244</u>	<u>\$1,775,209</u>	<u>\$2,347,679</u>	<u>(17,518,356)</u>
General Revenues				
Property Taxes Levied for:				
				4,244,126
				452,211
				52,083
Grants and Entitlements not Restricted to Specific Programs				11,504,352
Investment Earnings				9,263
Miscellaneous				51,704
<i>Total General Revenues</i>				<u>16,313,739</u>
Change in Net Assets				(1,204,617)
<i>Net Assets Beginning of Year</i>				26,336,265
<i>Net Assets End of Year</i>				<u>\$25,131,648</u>

See accompanying notes to the basic financial statements

Struthers City School District
Mahoning County, Ohio

Balance Sheet
Governmental Funds
June 30, 2012

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,588,193	\$1,320,115	\$1,481,954	\$9,390,262
Accounts Receivable	0	0	791	791
Interfund Receivable	240,948	0	0	240,948
Intergovernmental Receivable	0	0	263,351	263,351
Property Taxes Receivable	4,867,519	456,020	59,138	5,382,677
Inventory Held for Resale	0	0	8,158	8,158
Materials and Supplies Inventory	0	0	3,485	3,485
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	22,629	0	0	22,629
Total Assets	<u>\$11,719,289</u>	<u>\$1,776,135</u>	<u>\$1,816,877</u>	<u>\$15,312,301</u>
Liabilities				
Accounts Payable	\$624	\$0	\$13,220	\$13,844
Accrued Wages and Benefits Payable	1,589,741	0	209,210	1,798,951
Intergovernmental Payable	458,667	0	71,676	530,343
Matured Compensated Absences Payable	4,500	0	0	4,500
Interfund Payable	0	0	240,948	240,948
Deferred Revenue	4,867,519	456,020	66,257	5,389,796
Total Liabilities	<u>6,921,051</u>	<u>456,020</u>	<u>601,311</u>	<u>7,978,382</u>
Fund Balances				
Nonspendable	0	0	11,643	11,643
Restricted	22,629	1,320,115	1,350,820	2,693,564
Committed	0	0	14,664	14,664
Assigned	412,147	0	0	412,147
Unassigned (Deficit)	4,363,462	0	(161,561)	4,201,901
Total Fund Balances	<u>4,798,238</u>	<u>1,320,115</u>	<u>1,215,566</u>	<u>7,333,919</u>
Total Liabilities and Fund Balances	<u>\$11,719,289</u>	<u>\$1,776,135</u>	<u>\$1,816,877</u>	<u>\$15,312,301</u>

See accompanying notes to the basic financial statements

Struthers City School District
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2012*

Total Governmental Fund Balances	\$7,333,919
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	21,656,101
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property Taxes	696,099
Intergovernmental Revenue	<u>7,119</u>
Total	703,218
An internal service fund is used by management to charge the costs of dental and vision insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net assets.	392,706
In the statement of net assets, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.	71,280
Unamortized deferred amounts on advanced refunding are not recognized in the funds.	69,796
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(9,731)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(3,004,473)
Accretion on Capital Appreciation Bond	(489,717)
Unamortized Bond Premium	(118,873)
Energy Conservation Note	(69,000)
Compensated Absences	<u>(1,403,578)</u>
Total	<u>(5,085,641)</u>
 <i>Net Assets of Governmental Activities</i>	 <u><u>\$25,131,648</u></u>

See accompanying notes to the basic financial statements

Struthers City School District
Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$4,140,812	\$443,854	\$50,708	\$4,635,374
Tuition and Fees	1,142,062	0	0	1,142,062
Interest	9,227	0	0	9,227
Charges for Services	0	0	252,683	252,683
Extracurricular Activities	161,995	0	175,547	337,542
Rentals	8,509	0	0	8,509
Contributions and Donations	6,231	0	30,889	37,120
Intergovernmental	11,331,001	93,789	2,647,180	14,071,970
Miscellaneous	32,681	0	19,023	51,704
<i>Total Revenues</i>	<u>16,832,518</u>	<u>537,643</u>	<u>3,176,030</u>	<u>20,546,191</u>
Expenditures				
Current:				
Instruction:				
Regular	7,510,003	0	268,909	7,778,912
Special	2,667,725	0	1,148,257	3,815,982
Vocational	378,412	0	0	378,412
Other	1,197,986	0	148,571	1,346,557
Support Services:				
Pupils	681,923	0	47,816	729,739
Instructional Staff	107,584	0	109,827	217,411
Board of Education	172,692	0	140	172,832
Administration	1,122,614	1,507	27,213	1,151,334
Fiscal	811,456	10,640	3,287	825,383
Business	68,215	0	0	68,215
Operation and Maintenance of Plant	1,456,558	0	211,588	1,668,146
Pupil Transportation	377,043	0	0	377,043
Central	50,177	0	4,337	54,514
Operation of Non-Instructional Services	5,070	0	108,324	113,394
Operation of Food Services	0	0	828,600	828,600
Extracurricular Activities	457,165	0	195,488	652,653
Capital Outlay	33,160	0	56,827	89,987
Debt Service:				
Principal Retirement	0	482,000	0	482,000
Interest and Fiscal Charges	0	110,731	0	110,731
<i>Total Expenditures</i>	<u>17,097,783</u>	<u>604,878</u>	<u>3,159,184</u>	<u>20,861,845</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(265,265)</u>	<u>(67,235)</u>	<u>16,846</u>	<u>(315,654)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	534,403	534,403
Transfers Out	(534,403)	0	0	(534,403)
<i>Total Other Financing Sources (Uses)</i>	<u>(534,403)</u>	<u>0</u>	<u>534,403</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(799,668)	(67,235)	551,249	(315,654)
<i>Fund Balances Beginning of Year</i>	5,597,906	1,387,350	664,317	7,649,573
<i>Fund Balances End of Year</i>	<u>\$4,798,238</u>	<u>\$1,320,115</u>	<u>\$1,215,566</u>	<u>\$7,333,919</u>

See accompanying notes to the basic financial statements

Struthers City School District
Mahoning County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012*

Net Change in Fund Balances - Total Governmental Funds (\$315,654)

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

Governmental funds report capital outlays as expenditures.

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

Capital Outlay	89,987
Current Year Depreciation	<u>(1,279,869)</u>

Total (1,189,882)

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

Property Taxes	113,046
Intergovernmental Revenue	<u>(257,059)</u>

Total (144,013)

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

482,000

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

Accrued Interest on Bonds	3,017
Accreted Interest on Bonds	(77,375)
Amortization of Gain/Loss on Advance Refunding	(8,925)
Amortization of Bond Premium	11,412
Amortization of Bond Issuance Costs	<u>(11,673)</u>

Total (83,544)

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

Compensated Absences (109,054)

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

155,530

Change in Net Assets of Governmental Activities (\$1,204,617)

See accompanying notes to the basic financial statements

Struthers City School District
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$4,246,921	\$4,140,812	\$4,140,812	\$0
Tuition and Fees	1,157,349	1,127,770	1,128,433	663
Interest	9,464	9,000	9,227	227
Rentals	8,790	8,570	8,570	0
Contributions and Donations	667	650	650	0
Intergovernmental	11,621,360	11,318,845	11,331,001	12,156
Miscellaneous	530,995	32,606	33,076	470
<i>Total Revenues</i>	<u>17,575,546</u>	<u>16,638,253</u>	<u>16,651,769</u>	<u>13,516</u>
Expenditures				
Current:				
Instruction:				
Regular	7,839,252	7,839,252	7,609,297	229,955
Special	2,972,555	2,972,555	2,622,619	349,936
Vocational	426,875	426,875	387,573	39,302
Other	764,489	764,489	1,239,794	(475,305)
Support Services:				
Pupils	679,156	679,156	663,488	15,668
Instructional Staff	381,865	381,865	126,214	255,651
Board of Education	102,133	102,133	195,385	(93,252)
Administration	1,288,933	1,288,933	1,123,149	165,784
Fiscal	527,583	527,583	832,755	(305,172)
Business	63,715	63,715	69,030	(5,315)
Operation and Maintenance of Plant	1,996,027	1,996,027	1,590,451	405,576
Pupil Transportation	398,582	398,582	394,379	4,203
Central	46,717	46,717	41,955	4,762
Operation of Non-Instructional Services	0	0	9,570	(9,570)
Extracurricular Activities	311,326	311,326	311,234	92
Capital Outlay	112,675	112,675	9,894	102,781
<i>Total Expenditures</i>	<u>17,911,883</u>	<u>17,911,883</u>	<u>17,226,787</u>	<u>685,096</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(336,337)</u>	<u>(1,273,630)</u>	<u>(575,018)</u>	<u>698,612</u>
Other Financing Sources (Uses)				
Transfers Out	(62,000)	(62,000)	(54,484)	7,516
<i>Total Other Financing Sources (Uses)</i>	<u>(62,000)</u>	<u>(62,000)</u>	<u>(54,484)</u>	<u>7,516</u>
<i>Net Change in Fund Balance</i>	<u>(398,337)</u>	<u>(1,335,630)</u>	<u>(629,502)</u>	<u>706,128</u>
<i>Fund Balance Beginning of Year</i>	6,472,648	6,472,648	6,472,648	0
Prior Year Encumbrances Appropriated	549,609	549,609	549,609	0
<i>Fund Balance End of Year</i>	<u>\$6,623,920</u>	<u>\$5,686,627</u>	<u>\$6,392,755</u>	<u>\$706,128</u>

See accompanying notes to the basic financial statements

Struthers City School District

Mahoning County, Ohio

Statement of Fund Net Assets

Proprietary Fund

June 30, 2012

	<u>Internal Service</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$392,706
Current Liabilities	
	<u>0</u>
Net Assets	
Unrestricted	<u><u>\$392,706</u></u>

See accompanying notes to the basic financial statements

Struthers City School District

Mahoning County, Ohio

*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Fiscal Year Ended June 30, 2012*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	\$349,348
Operating Expenses	
Claims	<u>193,854</u>
<i>Operating Income</i>	155,494
Non-Operating Revenues	
Interest	<u>36</u>
<i>Change in Net Assets</i>	155,530
<i>Net Assets Beginning of Year</i>	<u>237,176</u>
<i>Net Assets End of Year</i>	<u><u>\$392,706</u></u>

See accompanying notes to the basic financial statements

Struthers City School District

Mahoning County, Ohio

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2012

	<u>Internal Service</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$349,348
Cash Payments for Claims	<u>(193,854)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	155,494
Cash Flows from Investing Activities	
Interest on Investments	<u>36</u>
<i>Net Increase in Cash and Cash Equivalents</i>	155,530
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>237,176</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$392,706</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income	\$155,494
Adjustments:	
Decrease in Claims Payable	<u>0</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>\$155,494</u></u>
 See accompanying notes to the basic financial statements	

Struthers City School District
Mahoning County, Ohio

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$71,401</u>
Liabilities	
Undistributed Monies	\$16,808
Due to Students	<u>54,593</u>
<i>Total Liabilities</i>	<u>\$71,401</u>

See accompanying notes to the basic financial statements

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Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1 - Description of the School District and Reporting Entity

The Struthers City School District (the "School District") operates under a locally elected five member Board and provides educational services as authorized by State and federal agencies. The Board controls the School District's five instructional support facilities staffed by 76 non-certified and 124 certified full-time teaching personnel and 8 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 2012 fiscal year was 2,038. The School District operates three elementary schools (K-4), one middle school (5-8), and one high school (9-12).

Reporting Entity

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

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

The School District participates in three jointly governed organizations and one shared risk pool. These organizations are the Area Cooperative Computerized Educational Service System Council of Governments (ACCESS), the Mahoning County Career and Technical Center, the Ohio Schools' Council Association and the Mahoning County Schools Employee Insurance Consortium. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Bond Retirement Fund The bond retirement fund accounts for property tax revenues that are used for payment of principal, interest and fiscal charges on general obligation debt.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

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

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

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

C. Measurement Focus

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

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

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

E. Budgetary Data

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

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

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

F. Cash and Cash Equivalents

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

During fiscal year 2012, investments were limited to certificates of deposit and STAROhio.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2012.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$9,227, which includes \$813 assigned from other School District funds.

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

G. Inventory

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

H. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for the purchase of busses. See Note 17 for additional information regarding set asides.

I. Capital Assets

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

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

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

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

J. Compensated Absences

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

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

L. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Accrued Liabilities and Long-term Obligations

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

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

N. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$1,493,324, none of which is restricted by enabling legislation. Net assets restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

P. Bond Issuance Costs

Bond issuance costs for underwriting fees and bond insurance for the classroom facilities improvement refunding bonds are being amortized using the straight-line method over the life of the certificates on the government-wide statements. The straight-line method of amortization is not materially different from the effective interest method. On the fund financial statements, these costs are reported as expenditures in the year incurred.

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Q. Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are received in the year the bonds are issued.

R. Deferred Amount (Loss) on Refunding

The difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss amortized over the remaining life of the old or new debt, whichever is shorter, and is presented net of the refunding general obligation bonds payable on the statement of net assets.

S. Operating Revenues and Expenses

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

T. Extraordinary and Special Items

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

U. Estimates

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

Note 3 – Change in Accounting Principle

A. Change in Accounting Principle

For fiscal year 2012, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53”.

GASB Statement No. 64 improves financial reporting by clarifying whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. The implementation of GASB Statement No. 64 did not have any effect on the District’s financial statements.

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 4 – Accountability

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
Education Jobs Fund	\$1,966
Race to the Top Fund	6,866
IDEA Part B Fund	27,097
Education Stabilization Fund	593
Title I Fund	57,087
Drug Free Schools Fund	8,615
Miscellaneous Federal Grants Fund	59,337

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

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balances (GAAP).
4. *Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP).

*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the uniform school supplies, public school support and special enterprise special revenue funds.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

Net Change in Fund Balance	
GAAP Basis	(\$799,668)
Net Adjustment for Revenue Accruals	(180,749)
Net Adjustment for Expenditure Accruals	676,792
Net Adjustment for Funds Budgeted as Special Revenue	13,161
Adjustment for Encumbrances	<u>(339,038)</u>
Budget Basis	<u><u>(\$629,502)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

A. Cash on Hand

At fiscal year-end, the School District had \$5,960 in un-deposited cash on hand which is included on the financial statements of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2012, the carrying amount of all District deposits was \$7,848,851. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2012, \$6,897,201 of the District's bank balance of \$7,905,203 was exposed to custodial risk as discussed below, while \$1,008,002 was covered by Federal Deposit Insurance Corporation.

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

C. Investments

As of June 30, 2012, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$2,022,187	6 Months or Less

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

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

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

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Assets</u>	
Carrying amount of deposits	\$7,848,851	Governmental Activities	\$9,805,597
Investments	2,022,187	Agency Funds	71,401
Cash on hand	5,960		
Total	<u>\$9,876,998</u>		<u>\$9,876,998</u>

Note 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 tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The District receives property taxes from Mahoning County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Due to the timing of the tax bills sent by the County, there is no money available as an advance to the District at June 30, 2012.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$140,803,300	96.11 %	\$130,942,110	95.68 %
Public Utility Personal	5,701,380	3.89	5,913,830	4.32
Total	<u>\$146,504,680</u>	<u>100.00 %</u>	<u>\$136,855,940</u>	<u>100.00 %</u>
 Tax rate per \$1,000 of assessed valuation	 \$70.80		 \$64.70	

Note 8 - Receivables

Receivables at June 30, 2012, consisted of taxes, accounts (rent, student fees and tuition), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<i>Non-major Governmental Funds:</i>	
Education Jobs Grant	\$157,654
Race to the Top Grant	7,119
IDEA Part B Grant	30,635
Title I Grant	48,205
Improving Teacher Quality Grant	6,446
Miscellaneous Federal Grants	13,292
Total Intergovernmental Receivable	<u><u>\$263,351</u></u>

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<i>Nonspendable</i>				
Inventory	\$0	\$0	\$11,643	\$11,643
<i>Restricted for</i>				
Food Service Operations	0	0	689,103	689,103
Community Activities	0	0	6,641	6,641
Technology Improvements	0	0	65,445	65,445
Classroom Maintenance	0	0	201,210	201,210
Athletics & Music	0	0	82,399	82,399
Auxiliary Services	0	0	20,251	20,251
Teacher Development	0	0	5,165	5,165
Student Achievement	0	0	140,037	140,037
Summer Intervention Programs	0	0	84,637	84,637
Poverty Aid	0	0	43,566	43,566
Teacher Development	0	0	1,930	1,930
Improving Teacher Quality	0	0	3,347	3,347
Debt Service Payments	0	1,320,115	0	1,320,115
Capital Improvements	0	0	867	867
Other Purposes	0	0	6,222	6,222
Bus Purchases	22,629	0	0	22,629
<i>Total Restricted</i>	22,629	1,320,115	1,350,820	2,693,564
<i>Committed to</i>				
Capital Improvements	0	0	14,664	14,664
<i>Assigned to</i>				
Other Purposes	119,977	0	0	119,977
Encumbrances	292,170	0	0	292,170
<i>Total Assigned</i>	412,147	0	0	412,147
<i>Unassigned (Deficit)</i>	4,363,462	0	(161,561)	4,201,901
<i>Total Fund Balances</i>	\$4,798,238	\$1,320,115	\$1,215,566	\$7,333,919

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/11	Additions	Reductions	Balance 6/30/12
Governmental Activities:				
Capital assets not being depreciated				
Land	\$422,600	\$0	\$0	\$422,600
Capital assets being depreciated				
Land improvements	1,673,720	0	0	1,673,720
Buildings and improvements	31,539,573	0	0	31,539,573
Furniture, fixtures and equipment	1,048,172	89,987	0	1,138,159
Vehicles	1,065,840	0	0	1,065,840
Textbooks and Library Books	496,934	0	0	496,934
Total capital assets being depreciated	35,824,239	89,987	0	35,914,226
Accumulated depreciation				
Land improvements	(546,098)	(73,938)	0	(620,036)
Buildings and improvements	(11,190,781)	(1,033,875)	0	(12,224,656)
Furniture, fixtures and equipment	(628,134)	(101,319)	0	(729,453)
Vehicles	(538,909)	(70,737)	0	(609,646)
Textbooks and Library Books	(496,934)	0	0	(496,934)
Total accumulated depreciation	(13,400,856)	(1,279,869) *	0	(14,680,725)
Capital assets being depreciated, net	22,423,383	(1,189,882)	0	21,233,501
Governmental activities capital assets, net	\$22,845,983	(\$1,189,882)	\$0	\$21,656,101

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,034,405
Special	8,549
Vocational	1,600
Support Services:	
Instructional Staff	15,774
Board of Education	3,039
Operation and Maintenance of Plant	54,602
Pupil Transportation	55,534
Operation of Non-Instructional Services	500
Operation of Food Services	15,942
Extracurricular	89,924
Total Depreciation Expense	\$1,279,869

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 11 – Interfund Activity

A. Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2012 interfund transfers were made as follows:

<u>Transfers To</u>	<u>Transfers From General Fund</u>
Non-major Governmental Funds:	
Education Jobs Fund	\$9,718
IDEA Part B Fund	524,685
Total	\$534,403

In a previous fiscal year, the general fund advanced \$479,919 to the IDEA part B special revenue fund to cover grant costs not reimbursed by fiscal year end. This amount is not expected to be repaid so it was reclassified as a transfer on a gaap basis.

B. Interfund Advances

“Interfund receivable/payable” reported on the face of the financial statements consist of gaap basis transfers from the general fund in the amount of \$240,948 which were created in order to cover negative cash in various Nonmajor funds.

Note 12 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the School District contracted with Ohio Casualty/Liberty Mutual for property insurance with a \$1,000 deductible. Professional liability is also protected by Ohio Casualty/Liberty Mutual with a \$3,000,000 aggregate limit.

Vehicles are covered by Ohio Casualty/Liberty Mutual and hold a \$100 deductible for comprehensive and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. CB radios on the School District’s busses are also covered by Ohio Casualty/Liberty Mutual.

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

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

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

B. Workers' Compensation

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

C. Employee Health Benefits

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits. The Mahoning County Insurance Consortium is a shared risk pool comprised of twelve Mahoning County school districts. Rates are set through an annual calculation process. The Struthers City School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$1,047 for family coverage, \$786 for employee plus spouse, \$636 for employee plus children and \$374 for single coverage per employee per month.

The School District has elected to provide vision and dental benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$99 for family vision and dental coverage and \$40 for single vision and dental coverage per employee per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$0 reported in the internal service fund at June 30, 2012, is based on an estimate provided by the third party administrator and the requirements of the Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2011	\$10,512	60,903	71,415	\$0
2012	0	193,854	193,854	0

Note 13 - Pension Plans

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$276,179, \$227,382, and \$229,807, respectively; 50 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B - State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Plan Options - New members have a choice of three retirement plan; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplies by a percentage that varies based on years of service, or an allowance based on a member's annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by the Ohio Revised Code Chapter 3307.

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

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010, were \$1,131,746, \$1,082,264, and \$1,083,676, respectively; 82 percent has been contributed for fiscal year 2012, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

Contributions made to STRS Ohio for the DC and Combined Plans for fiscal year 2012 were \$24,515 made by the School District and \$17,511 made by the plan members.

C. Social Security System

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Note 14 – Postemployment Benefits

A - School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan for School Employees Retirement System of Ohio (SERS) administers two post-employment benefit plans.

Medicare Part B Plan – The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation is .75 percent. The District's contributions for the years ended June 30, 2012, 2011 and 2010 were \$16,310, \$14,633 and \$14,261, which equaled the required contributions each year.

Health Care Plan – ORC Sections 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2012, the health care allocation is 0.55 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2012, 2011 and 2010 were \$56,137, \$55,578 and \$50,938, respectively; 50 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

B. State Teachers Retirement System of Ohio

Plan Description – The District contributes to a cost-sharing multiple-employer defined benefit Health Care Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the Defined Benefit or Combined Pension Plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in STRS Ohio's financial report which may be obtained by visiting the STRS Ohio website at www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contribution for health care for the fiscal year ended June 30, 2012, 2011 and 2010 were \$87,057, \$83,251 and \$83,360 respectively; 82 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 15 - Long-term Obligations

Changes in the School District's long-term obligations during fiscal year 2012 were as follows:

Governmental-Type Activities	Outstanding 6/30/11	Additions	Deductions	Outstanding 6/30/12	Due in One Year
General Obligation Bonds					
1992 School Improvement Refunding Bonds:					
Current Interest Term Bonds	\$900,000	\$0	(\$215,000)	\$685,000	\$220,000
Unamortized Loss	(9,896)	0	2,897	(6,999)	0
<i>Total 1992 School Improvement Refunding Bonds</i>	<u>890,104</u>	<u>0</u>	<u>(212,103)</u>	<u>678,001</u>	<u>220,000</u>
2000 Ohio School Facilities Bonds:					
Capital Appreciation Bonds	475,097	0	(105,623)	369,474	97,652
Accretion on Capital Appreciation Bonds	538,211	57,892	(129,377)	466,726	137,348
<i>Total 2000 Ohio School Facilities Bonds</i>	<u>1,013,308</u>	<u>57,892</u>	<u>(235,000)</u>	<u>836,200</u>	<u>235,000</u>
2011 Classroom Facilities Refunding Bonds:					
Current Interest Term Bonds	1,865,000	0	0	1,865,000	0
Capital Appreciation Bonds	84,999	0	0	84,999	0
Accretion on Capital Appreciation Bonds	3,508	19,483	0	22,991	0
Unamortized Premium	130,285	0	(11,412)	118,873	0
Unamortized Loss	(68,825)	0	6,028	(62,797)	0
<i>Total 2011 Classroom Facilities Refunding Bonds</i>	<u>2,014,967</u>	<u>19,483</u>	<u>(5,384)</u>	<u>2,029,066</u>	<u>0</u>
Total General Obligation Bonds	<u>3,918,379</u>	<u>77,375</u>	<u>(452,487)</u>	<u>3,543,267</u>	<u>455,000</u>
Other Long-Term Obligations:					
1998 Energy Conservation Note	101,000	0	(32,000)	69,000	33,600
Compensated Absences	1,294,524	321,362	(212,308)	1,403,578	186,569
Total Other Long-Term Obligations	<u>1,395,524</u>	<u>321,362</u>	<u>(244,308)</u>	<u>1,472,578</u>	<u>220,169</u>
Total Long-Term Obligations	<u>\$5,313,903</u>	<u>\$398,737</u>	<u>(\$696,795)</u>	<u>\$5,015,845</u>	<u>\$675,169</u>

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

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

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

On December 1, 2000, the School District issued \$4,195,097 in voted general obligation bonds for the purpose of renovation and construction of the new and existing school buildings. The bonds were issued for a fifteen year period. The bond issue included \$1,770,000 in serial bonds and \$1,950,000 in term bonds, which were advance refunded in fiscal year 2011.

The 2000 general obligation bonds include capital appreciation bonds of \$475,097. This year the addition on these bonds aggregating \$57,892 represents the accretion of discounted interest. The final maturity of these bonds is \$1,175,000.

On April 18, 2011, the School District issued \$1,949,999 in general obligation refunding bonds at interest rates ranging from 2.1 percent to 4.0 percent. Bond proceeds were used to refund \$1,950,000 of the 2000 school improvement bonds.

Proceeds of \$2,019,830 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunding portion of the 2000 school improvement bonds. As a result, \$1,950,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the financial statements.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$69,830. This difference, being reported as a deferral in the accompanying financial statements, is being charged to operations through fiscal year 2023 using the straight-line method. The School District decreased its total debt service payments by \$221,500 as a result of the advance refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$203,377.

The 2011 general obligation bonds include a capital appreciation bond of \$84,999. This year the addition on this bond aggregating \$19,483 represents the accretion of discounted interest. The final maturity of this bond is \$260,000.

The school improvement bonds will be paid from the bond retirement debt service fund. Compensated absences will be paid from the general fund and the food service, auxiliary services, education jobs, IDEA Part B and Title I special revenue funds.

The School District's overall legal debt margin was \$10,632,677 with an unvoted debt margin of \$136,856 at June 30, 2012. Principal requirements to retire general obligation debt outstanding at June 30, 2012, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds					
	1992 Current Interest Bonds			2000 Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$220,000	\$139,778	\$359,778	\$97,652	\$137,348	\$235,000
2014	230,000	131,185	361,185	97,868	137,132	235,000
2015	235,000	122,070	357,070	90,261	144,739	235,000
2016	0	0	0	83,693	151,307	235,000
Total	\$685,000	\$393,033	\$1,078,033	\$369,474	\$570,526	\$940,000

Struthers City School District
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Fiscal Year Ending June 30,	2011 General Obligation Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$0	\$64,165	\$64,165	\$0	\$0	\$0
2014	0	63,640	63,640	0	0	0
2015	0	63,115	63,115	0	0	0
2016	150,000	62,590	212,590	0	0	0
2017	0	0	0	84,999	175,001	260,000
2018 - 2022	1,405,000	259,065	1,664,065	0	0	0
2023	310,000	6,200	316,200	0	0	0
Total	\$1,865,000	\$518,775	\$2,383,775	\$84,999	\$175,001	\$260,000

Fiscal Year Ending June 30,	Energy Conservation Note		
	Principal	Interest	Total
2013	\$33,600	\$3,429	\$37,029
2014	35,400	1,759	37,159
Total	\$69,000	\$5,188	\$74,188

Note 16 - Other Employee Benefits

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-quarter days per month. Sick leave may be accumulated to a maximum of 260 days for classified employees and 240 days for certified employees. Upon retirement, classified employees, bus drivers and teachers receive payments for twenty five percent of the total sick leave accumulation up to a maximum of 60 days. Administrators receive payment for twenty five percent of the total sick leave accumulation up to 65 days.

B. Life Insurance

The School District provides life insurance to all regular employees. Coverage is equal to the annual salary for administrators, the annual salary for certified employees with a minimum of \$20,000 and a maximum of \$50,000, \$20,000 for non-union classified employees, and a minimum \$20,000 and maximum of \$50,000 for classified employees. Life insurance coverage is provided through Mutual of Omaha.

Struthers City School District
Mahoning County, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Note 17 - Set-Asides

In prior years, the District was 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. However, this State statute was repealed by 129th General Assembly, File No. 8, HB 30, § 2, eff. 7/1/11.

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

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

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2011	(\$249,831)	\$0
Current Year Set-Aside Requirement	0	343,353
Qualifying Disbursements	0	(363,682)
Current year offsets	0	(123,070)
State Statute Repealed, Effective 7/1/11	249,831	0
Total	\$0	(\$143,399)
Set-Aside Balance Carried Forward to		
Future Fiscal Years	\$0	\$0
Cash balance as of June 30, 2012	\$0	\$0

Although the School District had qualifying disbursements during the fiscal year that reduces 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. The negative balance is, therefore, not presented as being carried forward to future years.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases. The total reserve balance for all set-asides at the end of the fiscal year was \$22,629.

Note 18 - Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System Council of Governments

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of twenty-six school districts in Mahoning and Columbiana Counties, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid \$56,500 to ACCESS during fiscal year 2012. 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 220, Youngstown, Ohio, 44512.

B. Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school district's and one representative from each of the two city school districts. During fiscal year 2012, no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Career and Technical Center, 7300 North Palmyra Road, Canfield, Ohio, 44406.

C. Ohio Schools' Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2012, the Struthers City School District paid \$88,879 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

Note 19 - Shared Risk Pool

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

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 20 - Contingencies

A. Grants

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

At June 30, 2012, the School District was not party to any legal proceedings.

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**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education:</i>					
Nutrition Cluster:					
National School Lunch Program	10.555	\$581,430	\$71,567	\$581,430	\$71,567
National School Breakfast Program	10.553	131,720		131,720	
Total Nutrition Cluster		713,150	71,567	713,150	71,567
Total U.S. Department of Agriculture		713,150	71,567	713,150	71,567
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
Special Education Cluster:					
Special Education Grants to States					
IDEA-B - 2011	84.027	-		10,015	
IDEA-B - 2012	84.027	324,068		354,702	
ARRA-IDEA-B - 2010	84.391	-		986	
ARRA-IDEA-B - 2011	84.391	-		18,931	
Total Special Education Cluster		324,068		384,634	
Title I Part A Cluster:					
Grants to Local Educational Agencies					
Title I - 2010	84.010	0		(5,780)	
Title I - 2011	84.010	132,204		87,363	
Title I - 2012	84.010	510,286		558,491	
ARRA -Title I - 2010	84.389	-		18,938	
ARRA -Title I - 2011	84.389	9,000		8,812	
Total Grants to Local Educational Agencies Cluster		651,490		667,824	
Race to the Top					
Race to the Top - 2011	84.395	-		2,049	
Race to the Top - 2012	84.395	2,450		2,450	
Total Race to the Top		2,450		4,499	
ARRA State Fiscal Stabilization Fund	84.394	-		204,768	
Title II-A Improving Teacher Quality - 2011					
Title II-A Improving Teacher Quality - 2011	84.367	37,870		24,266	
Title II-A Improving Teacher Quality - 2012	84.367	74,929		81,375	
Total Improving Teacher Quality		112,799		105,641	
ARRA Education Jobs Grant - 2011					
ARRA Education Jobs Grant - 2011	84.410	85,104		55,191	
ARRA Education Jobs Grant - 2012	84.410	106,007		263,662	
Total Education Jobs Grant		191,111		318,853	
Drug Free Grant - 2012					
Drug Free Grant - 2012	84.186	10,000		19,560	
Total Department of Education		1,291,918		1,705,779	
Total Federal Awards Receipts and Expenditures		2,005,068	\$71,567	\$2,418,929	\$71,567

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

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Struthers City School District, Mahoning County, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 30, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 30, 2013.

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



Dave Yost
Auditor of State

August 30, 2013



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Struthers City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Struthers City School's major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

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

In our opinion, Struthers City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted certain matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated August 30, 2013.

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



Dave Yost
Auditor of State

August 30, 2013

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster – 10.553, 10.555 Title I Cluster/ARRA – 84.010, 84.389, Special Education Cluster/ARRA – 84.027, 84.391 Ed Jobs ARRA – 84.410
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	<p>Material Weakness During our testing of the Special Education Cluster and Title I grants, we noted the District did not have an appropriate level of oversight over grant expenditures nor were there adequate policies or procedures defining the process of the management of federal grants.</p>	No	Partially Corrected-Comment moved to management letter for 2012.
2011-02	<p>Non-Compliance Finding, Significant Deficiency and Questioned Cost-2 CFR § 225-\$59,891 of federal questioned costs relating to the EdJobs grant monies.</p>	Yes	Finding No Longer Valid
2011-03	<p>Non-Compliance Finding and Significant Deficiency- 34 CFR 80.20 (b)(7)- The District did not obligate or spend the SFSF monies within 30 days of receipt in fiscal year 2011, although the money was received throughout the fiscal year.</p>	Yes	Finding No Longer Valid

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STRUTHERS CITY SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 26, 2013**