



Dave Yost • Auditor of State

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**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 65, "Items Previously Reported as Assets and Liabilities". We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 9, 2014

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

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This discussion and analysis of Struthers City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. 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 2013 are as follows:

- In total, net position decreased by \$828,562, which represents a 3 percent decrease from fiscal year 2012.
- Revenues for governmental activities totaled \$20,156,464 in fiscal year 2013. Of this total, 81 percent consisted of general revenues while program revenues accounted for the balance of 19 percent.
- Program expenses totaled \$20,985,026. Instructional expenses made up 65 percent of this total while support services accounted for 26 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 \$17,059,305 in revenues and \$17,075,614 in expenditures, excluding other financing sources and uses. During fiscal year 2013, the general fund balance decreased \$94,221, or 2 percent.
- The District's other major governmental fund is the bond retirement fund. The bond retirement fund had \$484,872 in revenues and \$589,291 in expenditures, excluding other financing sources and uses. During fiscal year 2013, the bond retirement fund balance decreased \$26,507, or 2 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 Position 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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**Reporting the School District as a Whole**

*Statement of Net Position 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 2013?" The *Statement of Net Position* 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 position and changes in that position. This change in net position 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 Position and the Statement of Activities, all activities of the School District are classified as governmental. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

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

*Fund Financial Statements*

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

**Governmental Funds** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position 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, 2013*  
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**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 Position. 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 23-51 of this report.

**The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012:

<b>Net Position (Table 1)</b>			
<b>Governmental Activities</b>			
	2013	(Restated) 2012	Change
<b>Assets</b>			
Current and Other Assets	\$15,447,351	\$15,464,059	(\$16,708)
Capital Assets, Net	20,414,197	21,656,101	(1,241,904)
<i>Total Assets</i>	<u>35,861,548</u>	<u>37,120,160</u>	<u>(1,258,612)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	60,871	69,796	(8,925)
<b>Liabilities</b>			
Current Liabilities	2,324,874	2,357,369	(32,495)
Long-Term Liabilities			
Due within One Year	736,890	675,169	61,721
Due in More than One Year	3,896,187	4,410,472	(514,285)
<i>Total Liabilities</i>	<u>6,957,951</u>	<u>7,443,010</u>	<u>(485,059)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	4,732,662	4,686,578	46,084
<b>Net Position</b>			
Net Investment in Capital Assets	17,645,386	18,604,831	(959,445)
Restricted	2,366,146	1,493,324	872,822
Unrestricted	4,220,274	4,962,213	(741,939)
<i>Total Net Position</i>	<u>\$24,231,806</u>	<u>\$25,060,368</u>	<u>(\$828,562)</u>

Total assets decreased by \$1,258,612. The majority of this decrease can be attributed to a large decrease in capital assets due to annual depreciation exceeding capital outlays in the current period by \$1,241,904.

Total liabilities decreased by \$485,059. The majority of this decrease was due to a reduction in principal owed on long-term debt and short-term notes payable.

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
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By comparing assets and liabilities, one can see the overall position of the School District has declined as evidenced by the decrease in net position of \$828,562.

Table 2 shows the changes in net position for fiscal year 2013 as compared to fiscal year 2012.

**Table 2**  
Change in Net Position

	2013	(Restated) 2012	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$1,581,035	\$1,775,209	(\$194,174)
Operating Grants and Contributions	2,214,796	2,347,679	(132,883)
<i>Total Program Revenues</i>	<u>3,795,831</u>	<u>4,122,888</u>	<u>(327,057)</u>
<b>General Revenues</b>			
Property Taxes	4,496,703	4,748,420	(251,717)
Intergovernmental	11,820,624	11,504,352	316,272
Investment Earnings	7,973	9,263	(1,290)
Miscellaneous	35,333	51,704	(16,371)
<i>Total General Revenues</i>	<u>16,360,633</u>	<u>16,313,739</u>	<u>46,894</u>
<i>Total Revenues</i>	<u>20,156,464</u>	<u>20,436,627</u>	<u>(280,163)</u>
<b>Program Expenses</b>			
Current:			
Instruction	13,660,108	14,331,082	(670,974)
Support Services:			
Pupils	677,971	738,961	(60,990)
Instructional Staff	518,323	231,904	286,419
Board of Education	138,911	175,871	(36,960)
Administration	1,309,753	1,181,792	127,961
Fiscal	384,654	781,972	(397,318)
Business	73,372	67,225	6,147
Operation and Maintenance of Plant	1,733,264	1,722,734	10,530
Pupil Transportation	500,937	428,405	72,532
Central	186,579	54,514	132,065
Operation of Non-Instructional Services	133,161	104,404	28,757
Operation of Food Services	780,099	884,552	(104,453)
Extracurricular Activities	730,200	743,553	(13,353)
Interest and Fiscal Charges	157,694	194,275	(36,581)
<i>Total Program Expenses</i>	<u>20,985,026</u>	<u>21,641,244</u>	<u>(656,218)</u>
<i>Change in Net Position</i>	<u>(828,562)</u>	<u>(1,204,617)</u>	<u>376,055</u>
Net Position Beginning of Year (Restated)	<u>25,060,368</u>	<u>26,265,285</u>	<u>(1,204,917)</u>
<i>Net Position End of Year</i>	<u><u>\$24,231,806</u></u>	<u><u>\$25,060,668</u></u>	<u><u>(\$828,862)</u></u>

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

**Governmental Activities**

Net position of the District's governmental activities decreased \$828,562. Total governmental expenses of \$20,985,026 were only partially offset by program revenues of \$3,795,831 and general revenues of \$16,360,633. Program revenues supported 18 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 81 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instructional expenses totaled \$13,660,108 or 65 percent of total governmental expenses for fiscal year 2013.

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

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$9,031,494	\$8,336,214	\$8,737,839	\$7,934,933
Special	3,090,739	1,987,809	3,866,757	2,668,914
Vocational	206,089	193,384	386,025	356,273
Other	1,331,786	1,240,418	1,340,461	1,197,921
Support Services:				
Pupils	677,971	635,546	738,961	651,995
Instructional Staff	518,323	385,484	231,904	103,873
Board of Education	138,911	115,657	175,871	162,470
Administration	1,309,753	1,222,064	1,181,792	1,078,836
Fiscal	384,654	339,409	781,972	719,947
Business	73,372	68,840	67,225	61,997
Operation and Maintenance of Plant	1,733,264	1,597,333	1,722,734	1,544,999
Pupil Transportation	500,937	475,157	428,405	399,536
Central	186,579	174,959	54,514	50,674
Operation of Non-Instructional Services	133,161	12,563	104,404	(13,021)
Food Service Operation	780,099	(88,862)	884,552	(96,475)
Extracurricular Activities	730,200	335,526	743,553	501,209
Interest and Fiscal Charges	157,694	157,694	194,275	194,275
<i>Total Expenditures</i>	<u>\$20,985,026</u>	<u>\$17,189,195</u>	<u>\$21,641,244</u>	<u>\$17,518,356</u>

The dependence upon property taxes and other general revenues for governmental activities is apparent. 100 percent of instruction activities are supported through property taxes and other general revenues. For all governmental activities, general revenue support is 78 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, 2013*  
*Unaudited*

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**The School District's Funds**

Information regarding the School District's major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,247,839 to offset expenditures of \$20,140,006. The net change in fund balance for the year was most significant in the general fund, which decreased \$94,221. 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 69 percent and 23 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 2013, the School District amended its general fund budget once. For the general fund, original budgeted revenues were \$16,219,150 and final budgeted revenues were \$16,655,261. Actual revenues for fiscal year 2013 were \$16,804,939. This represents an increase of \$149,678 from final budgeted revenues due to a conservative approach of estimating revenue collection.

General fund original appropriations of \$17,717,484 were amended to \$18,231,848 in the final appropriation. The actual budget basis expenditures for fiscal year 2013, including transfers, totaled \$17,475,235, which were \$756,613 less than final budgeted appropriations and \$242,249 more than original budgeted appropriations. These variances are due to a conservative approach to budgeting taken by the District.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2013, the School District had \$20,414,197 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks.

Table 4 shows fiscal year 2013 balances compared to fiscal year 2012:

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

	<u>2013</u>	<u>2012</u>
Land	\$422,600	\$422,600
Land Improvements	979,746	1,053,684
Buildings and Improvements	18,324,616	19,313,514
Furniture and Equipment	330,064	410,109
Vehicles	357,171	456,194
<i>Total</i>	<u>\$20,414,197</u>	<u>\$21,656,101</u>

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

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

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All capital assets, except land, are reported net of depreciation. The overall decrease in capital assets of \$1,241,904 is due to current year depreciation of \$1,295,609 exceeding capital outlays of \$53,705 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

	2013	(Restated) 2012
General Obligation Bonds	\$3,215,865	\$3,613,063
Energy Conservation Notes	35,400	69,000
Compensated Absences	1,381,812	1,403,578
<i>Total</i>	<u>\$4,633,077</u>	<u>\$5,085,641</u>

At June 30, 2013, the District had \$3,215,865 in general obligation bonds, \$35,400 in energy conservation notes and \$1,381,812 in compensated absences outstanding. Of this total, \$736,890 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 moderate 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.

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**

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited*

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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:

<b><u>Fiscal Year</u></b>	<b><u>Expense Per Pupil</u></b>	<b><u>Amount of Change</u></b>	<b><u>Percentage of Change</u></b>
2012	\$8,864	(\$56)	(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

**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 Position*  
*June 30, 2013*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$9,999,472
Accrued Interest Receivable	1,920
Accounts Receivable	4,643
Intergovernmental Receivable	86,673
Property Taxes Receivable	5,344,505
Inventory Held for Resale	6,827
Materials and Supplies Inventory	3,311
Nondepreciable Capital Assets	422,600
Depreciable Capital Assets, Net	19,991,597
<i>Total Assets</i>	<u>35,861,548</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	<u>60,871</u>
<b>Liabilities</b>	
Accounts Payable	25,784
Accrued Wages and Benefits Payable	1,755,109
Intergovernmental Payable	524,977
Matured Compensated Absences Payable	11,025
Accrued Interest Payable	7,979
Long-Term Liabilities:	
Due Within One Year	736,890
Due In More Than One Year	3,896,187
<i>Total Liabilities</i>	<u>6,957,951</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	<u>4,732,662</u>
<b>Net Position</b>	
Net Investment in Capital Assets	17,645,386
Restricted for:	
Capital Projects	15,531
Debt Service	918,197
Other Purposes	1,409,789
Set-asides	22,629
Unrestricted	4,220,274
<i>Total Net Position</i>	<u>\$24,231,806</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, 2013*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$9,031,494	\$501,992	\$193,288	(\$8,336,214)
Special	3,090,739	137,865	965,065	(1,987,809)
Vocational	206,089	12,705	0	(193,384)
Other	1,331,786	89,153	2,215	(1,240,418)
Support Services:				
Pupils	677,971	41,899	526	(635,546)
Instructional Staff	518,323	24,396	108,443	(385,484)
Board of Education	138,911	23,254	0	(115,657)
Administration	1,309,753	79,773	7,916	(1,222,064)
Fiscal	384,654	45,245	0	(339,409)
Business	73,372	4,532	0	(68,840)
Operation and Maintenance of Plant	1,733,264	92,695	43,236	(1,597,333)
Pupil Transportation	500,937	25,780	0	(475,157)
Central	186,579	11,447	173	(174,959)
Operation of Non-Instructional Services	133,161	93	120,505	(12,563)
Operation of Food Services	780,099	166,821	702,140	88,862
Extracurricular Activities	730,200	323,385	71,289	(335,526)
Interest and Fiscal Charges	157,694	0	0	(157,694)
<b>Total Governmental Activities</b>	<b>\$20,985,026</b>	<b>\$1,581,035</b>	<b>\$2,214,796</b>	<b>(17,189,195)</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
				4,054,290
				392,086
				50,327
Grants and Entitlements not				
				11,820,624
				7,973
				35,333
<b>Total General Revenues</b>				<b>16,360,633</b>
<b>Change in Net Position</b>				<b>(828,562)</b>
<b>Net Position Beginning of Year - Restated (See Note 3)</b>				<b>25,060,368</b>
<b>Net Position End of Year</b>				<b>\$24,231,806</b>

See accompanying notes to the basic financial statements

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

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2013*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$6,536,740	\$1,293,608	\$1,802,296	\$9,632,644
Accrued Interest Receivable	1,920	0	0	1,920
Accounts Receivable	3,875	0	768	4,643
Interfund Receivable	121,531	0	0	121,531
Intergovernmental Receivable	83,847	0	2,826	86,673
Property Taxes Receivable	4,826,860	458,321	59,324	5,344,505
Inventory Held for Resale	0	0	6,827	6,827
Materials and Supplies Inventory	0	0	3,311	3,311
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	22,629	0	0	22,629
<i>Total Assets</i>	<u>\$11,597,402</u>	<u>\$1,751,929</u>	<u>\$1,875,352</u>	<u>\$15,224,683</u>
<b>Liabilities</b>				
Accounts Payable	\$24,167	\$0	\$1,617	\$25,784
Accrued Wages and Benefits Payable	1,557,923	0	197,186	1,755,109
Intergovernmental Payable	473,410	0	51,567	524,977
Matured Compensated Absences Payable	11,025	0	0	11,025
Interfund Payable	0	0	121,531	121,531
<i>Total Liabilities</i>	<u>2,066,525</u>	<u>0</u>	<u>371,901</u>	<u>2,438,426</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	4,276,104	404,170	52,388	4,732,662
Unavailable Revenue - Property Taxes	550,756	54,151	6,936	611,843
<i>Total Deferred Inflows of Resources</i>	<u>4,826,860</u>	<u>458,321</u>	<u>59,324</u>	<u>5,344,505</u>
<b>Fund Balances</b>				
Nonspendable	0	0	3,311	3,311
Restricted	22,629	1,293,608	1,559,399	2,875,636
Committed	0	0	14,664	14,664
Assigned	625,010	0	0	625,010
Unassigned (Deficit)	4,056,378	0	(133,247)	3,923,131
<i>Total Fund Balances</i>	<u>4,704,017</u>	<u>1,293,608</u>	<u>1,444,127</u>	<u>7,441,752</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,597,402</u>	<u>\$1,751,929</u>	<u>\$1,875,352</u>	<u>\$15,224,683</u>

See accompanying notes to the basic financial statements

**Struthers City School District**

Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
For the Fiscal Year Ended June 30, 2013*

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<b>Total Governmental Fund Balances</b>	<b>\$7,441,752</b>
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***Amounts reported for governmental activities in the  
statement of net position are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,414,197
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds. Property Taxes	611,843
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An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	344,199
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In the statement of activities, interest is accrued on outstanding general obligation bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.	(7,979)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(2,330,000)
Capital Appreciation Bonds	(356,821)
Accretion on Bonds	(421,583)
Unamortized Premium	(107,461)
Energy Conservation Note	(35,400)
Deferred Charge on Refunding	60,871
Compensated Absences	<u>(1,381,812)</u>

Total	<u>(4,572,206)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$24,231,806</u></u>
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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, 2013*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$4,137,339	\$393,052	\$50,568	\$4,580,959
Tuition and Fees	1,063,300	0	0	1,063,300
Interest	6,599	0	1,374	7,973
Charges for Services	0	0	166,821	166,821
Extracurricular Activities	141,656	0	154,877	296,533
Rentals	14,224	0	40,157	54,381
Contributions and Donations	14,600	0	66,989	81,589
Intergovernmental	11,656,231	91,820	2,212,899	13,960,950
Miscellaneous	25,356	0	9,977	35,333
<i>Total Revenues</i>	<u>17,059,305</u>	<u>484,872</u>	<u>2,703,662</u>	<u>20,247,839</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,768,005	0	129,119	7,897,124
Special	2,229,621	0	922,834	3,152,455
Vocational	255,618	0	0	255,618
Other	1,317,956	0	13,830	1,331,786
Support Services:				
Pupils	671,244	0	485	671,729
Instructional Staff	369,473	0	109,142	478,615
Board of Education	131,004	0	3,180	134,184
Administration	1,304,430	1,489	17,775	1,323,694
Fiscal	370,453	6,483	5,482	382,418
Business	73,046	0	0	73,046
Operation and Maintenance of Plant	1,492,294	0	186,733	1,679,027
Pupil Transportation	412,709	0	0	412,709
Central	181,082	0	2,135	183,217
Operation of Non-Instructional Services	1,494	0	131,205	132,699
Operation of Food Services	0	0	762,991	762,991
Extracurricular Activities	443,480	0	190,190	633,670
Capital Outlay	53,705	0	0	53,705
Debt Service:				
Principal Retirement	0	488,600	0	488,600
Interest and Fiscal Charges	0	92,719	0	92,719
<i>Total Expenditures</i>	<u>17,075,614</u>	<u>589,291</u>	<u>2,475,101</u>	<u>20,140,006</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(16,309)</u>	<u>(104,419)</u>	<u>228,561</u>	<u>107,833</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	77,912	0	77,912
Transfers Out	(77,912)	0	0	(77,912)
<i>Total Other Financing Sources (Uses)</i>	<u>(77,912)</u>	<u>77,912</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(94,221)	(26,507)	228,561	107,833
<i>Fund Balances Beginning of Year</i>	4,798,238	1,320,115	1,215,566	7,333,919
<i>Fund Balances End of Year</i>	<u>\$4,704,017</u>	<u>\$1,293,608</u>	<u>\$1,444,127</u>	<u>\$7,441,752</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, 2013*

**Net Change in Fund Balances - Total Governmental Funds** \$107,833

***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 are  
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	53,705	
Current Year Depreciation	(1,295,609)	
Total		(1,241,904)

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

Property Taxes	(84,256)	
Intergovernmental	(7,119)	
Total		(91,375)

Repayment of long-term debt and capital lease principal is an expenditure  
in the governmental funds, but the repayment reduces long-term  
liabilities in the statement of net position. 488,600

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.

Accrued Interest on Bonds	1,752	
Accreted Interest on Bonds	(69,214)	
Amortization of Premium	11,412	
Amortization of Deferred Amount of Advance Refunding	(8,925)	
Total		(64,975)

Some expenses reported in the statement of activities, such as  
compensated absences, do not require the use of current financial  
resources and therefore are not reported as expenditures  
in governmental funds. 21,766

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. (48,507)

*Change in Net Position of Governmental Activities* (\$828,562)

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, 2013*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$4,031,596	\$4,140,000	\$4,137,339	(\$2,661)
Tuition and Fees	1,016,712	1,044,050	1,044,490	440
Interest	6,086	6,250	4,679	(1,571)
Rentals	17,529	18,000	14,224	(3,776)
Contributions and Donations	9,412	9,665	10,300	635
Intergovernmental	11,119,667	11,418,660	11,572,384	153,724
Miscellaneous	18,148	18,636	21,523	2,887
<i>Total Revenues</i>	<u>16,219,150</u>	<u>16,655,261</u>	<u>16,804,939</u>	<u>149,678</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	8,049,589	8,337,728	7,962,716	375,012
Special	2,213,835	2,321,694	2,296,564	25,130
Vocational	253,352	265,526	258,246	7,280
Other	1,240,028	1,254,994	1,342,254	(87,260)
Support Services:				
Pupils	668,635	698,668	677,381	21,287
Instructional Staff	343,068	350,698	309,000	41,698
Board of Education	226,016	213,274	188,048	25,226
Administration	1,418,175	1,483,837	1,286,606	197,231
Fiscal	425,355	429,174	394,826	34,348
Business	78,001	80,985	73,528	7,457
Operation and Maintenance of Plant	1,816,489	1,796,735	1,641,581	155,154
Pupil Transportation	467,139	473,995	443,130	30,865
Central	208,715	218,964	199,760	19,204
Operation of Non-Instructional Services	13,556	9,500	4,688	4,812
Extracurricular Activities	295,531	296,076	318,995	(22,919)
<i>Total Expenditures</i>	<u>17,717,484</u>	<u>18,231,848</u>	<u>17,397,323</u>	<u>834,525</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,498,334)</u>	<u>(1,576,587)</u>	<u>(592,384)</u>	<u>984,203</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	0	(77,912)	(77,912)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>(77,912)</u>	<u>(77,912)</u>
<i>Net Change in Fund Balance</i>	<u>(1,498,334)</u>	<u>(1,576,587)</u>	<u>(670,296)</u>	<u>906,291</u>
<i>Fund Balance Beginning of Year</i>	<u>6,392,755</u>	<u>6,392,755</u>	<u>6,392,755</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>339,038</u>	<u>339,038</u>	<u>339,038</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,233,459</u>	<u>\$5,155,206</u>	<u>\$6,061,497</u>	<u>\$906,291</u>

See accompanying notes to the basic financial statements

**Struthers City School District**

Mahoning County, Ohio

*Statement of Fund Net Position*

*Proprietary Fund*

*June 30, 2013*

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	<u>Internal Service</u>
<b>Current Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$344,199
<b>Current Liabilities</b>	
	<u>0</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$344,199</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 Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2013*

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	<u>Internal Service</u>
<b>Operating Revenues</b>	
Charges for Services	\$280,265
<b>Operating Expenses</b>	
Claims	<u>328,772</u>
<i>Change in Net Position</i>	(48,507)
<i>Net Position Beginning of Year</i>	<u>392,706</u>
<i>Net Position End of Year</i>	<u><u>\$344,199</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, 2013*

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	<u>Internal Service</u>
<b><i>Decrease in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Charges for Services	\$280,265
Cash Payments for Claims	<u>(328,772)</u>
<i>Net Cash Used for Operating Activities</i>	(48,507)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>392,706</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$344,199</u></u>
 <b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$48,507)
Adjustments:	
Change in Claims Payable	<u>0</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$48,507)</u></u>

See accompanying notes to the basic financial statements

**Struthers City School District**

Mahoning County, Ohio

*Statement of Net Position*

*Fiduciary Funds*

*June 30, 2013*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$63,271</u>
<b>Liabilities</b>	
Undistributed Monies	\$17,716
Due to Students	<u>45,555</u>
<i>Total Liabilities</i>	<u>\$63,271</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, 2013*

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

The Struthers City School District (the "School District") operates under a locally elected five member Board and provides educational services as authorized by State and federal agencies. The Board controls the School District's four instructional support facilities staffed by 72 non-certified and 128 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 2013 fiscal year was 2,196. 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 two jointly governed organizations, one council of governments 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 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, 2013*

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**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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 position 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources 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, 2013*

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**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 position, 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 position and changes in net position. 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenditures) in total net position.

**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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. 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, 2013*

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***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources 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 Outflows/Inflows of Resources*** In addition to assets, the statement of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

*Notes to the Basic Financial Statements*  
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**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.

***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 2013, investments were limited to certificates of deposit and STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2013.

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 2013 amounted to \$6,599, none of which was assigned from other School District funds.

**Struthers City School District**  
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*Notes to the Basic Financial Statements*  
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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 expensed/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

**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 position 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

**Struthers City School District**  
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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***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.

***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 position.

***L. Internal Activity***

Transfers between governmental activities are eliminated on the government-wide financial statements. 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, 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:

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

*Notes to the Basic Financial Statements*  
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**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.

**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 Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position 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 positions are available.

**Struthers City School District**  
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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***P. 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.

***Q. Deferred Charge (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 charge (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old or new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

***R. 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.

***S. 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 and Restatement of Prior Year Net Position**

***A. Change in Accounting Principles***

For fiscal year 2013, the District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and Statement No. 65, "Items Previously Reported as Assets and Liabilities."

GASB Statement No. 60 addresses issues related to service concession arrangements (SCA's), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

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GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity, most notably, the fiscal dependency criterion. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the District's fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the District's fiscal year 2013 financial statements and resulted in a restatement of beginning net position.

**B. Restatement of Prior Year Government Wide Net Position**

	Governmental Activities
Net Position at 6/30/12	\$25,131,648
GASB 65 Adjustment - Bond Issuance Costs	(71,280)
Adjusted Net Position at 6/30/12	\$25,060,368

**Note 4 – Accountability**

Fund balances at June 30, 2013 included the following individual fund deficits:

Nonmajor Governmental Funds:	Deficit
Public School/Preschool Fund	\$3,979
IDEA Part B Fund	4,765
Title I Fund	6,516
Drug Free Schools Fund	13,615
Miscellaneous Federal Grants Fund	104,372

The IDEA Part B 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.

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**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.

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	(\$94,221)
Net Adjustment for Revenue Accruals	(254,366)
Net Adjustment for Expenditure Accruals	152,243
Net Adjustment for Funds Budgeted as Special Revenue	12,737
Adjustment for Encumbrances	<u>(486,689)</u>
Budget Basis	<u><u>(\$670,296)</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.

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

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

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

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

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

**Struthers City School District**  
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*Notes to the Basic Financial Statements*  
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**A. Cash on Hand**

At fiscal year-end, the School District had \$3,460 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**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At June 30, 2013, the carrying amount of all District deposits was \$8,035,598. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2013, \$6,262,552 of the District's bank balance of \$8,152,097 was exposed to custodial risk as discussed below, while \$1,889,545 was covered by Federal Deposit Insurance Corporation.

The School District has no deposit policy for custodial risk beyond the requirement of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred give percent of the deposited being secured.

**C. Investments**

As of June 30, 2013, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>
STAR Ohio	\$2,023,685	6 Months or Less

**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** STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

**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 STAR Ohio represents 100 percent of the School District's total investments.

**Struthers City School District**  
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*Notes to the Basic Financial Statements*  
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**D. Reconciliation of Cash and Investments to the Statement of Net Position**

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 position as of June 30, 2013:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$8,035,598	Governmental Activities	\$9,999,472
Investments	2,023,685	Agency Funds	63,271
Cash on hand	<u>3,460</u>		
Total	<u>\$10,062,743</u>		<u>\$10,062,743</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 property and public utility property located in the School District. Real property tax revenue received in calendar 2013 represent 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 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 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.

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, 2013, are available to finance fiscal year 2013 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 and public utility property taxes which are measurable as of June 30, 2013 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 inflows of resources – property taxes.

**Struthers City School District**  
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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, 2013.

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 reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$130,942,110	95.68 %	\$131,311,450	95.49 %
Public Utility Personal	5,913,830	4.32	6,196,320	4.51
Total	\$136,855,940	100.00 %	\$137,507,770	100.00 %
 Tax rate per \$1,000 of assessed valuation	\$64.70		\$64.70	

**Note 8 - Receivables**

Receivables at June 30, 2013, 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>General Fund:</i>	
Worker's Compensation Reimbursement	\$83,847
<i>Non-major Governmental Fund:</i>	
Food Service Reimbursements	2,826
Total Intergovernmental Receivable	\$86,673

**Struthers City School District**  
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**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:

Fund Balances	General	Bond Retirement	Nonmajor Governmental	Total
<b><i>Nonspendable</i></b>				
Inventory	\$0	\$0	\$3,311	\$3,311
<b><i>Restricted for</i></b>				
Food Service Operations	0	0	804,779	804,779
Community Activities	0	0	6,484	6,484
Technology Improvements	0	0	95,697	95,697
Classroom Maintenance	0	0	184,480	184,480
Athletics & Music	0	0	114,402	114,402
Auxiliary Services	0	0	12,301	12,301
Teacher Development	0	0	5,012	5,012
Student Achievement	0	0	139,537	139,537
Summer Intervention Programs	0	0	78,956	78,956
Poverty Aid	0	0	43,566	43,566
Teacher Development	0	0	60,047	60,047
Race to the Top Grant	0	0	6,620	6,620
Improving Teacher Quality	0	0	5,752	5,752
Debt Service Payments	0	1,293,608	0	1,293,608
Capital Improvements	0	0	867	867
Other Purposes	0	0	899	899
Bus Purchases	22,629	0	0	22,629
<b><i>Total Restricted</i></b>	<b>22,629</b>	<b>1,293,608</b>	<b>1,559,399</b>	<b>2,875,636</b>
<b><i>Committed to</i></b>				
Capital Improvements	0	0	14,664	14,664
<b><i>Assigned to</i></b>				
Other Purposes	141,616	0	0	141,616
Encumbrances	483,394	0	0	483,394
<b><i>Total Assigned</i></b>	<b>625,010</b>	<b>0</b>	<b>0</b>	<b>625,010</b>
<b><i>Unassigned (Deficit)</i></b>	<b>4,056,378</b>	<b>0</b>	<b>(133,247)</b>	<b>3,923,131</b>
<b><i>Total Fund Balances</i></b>	<b>\$4,704,017</b>	<b>\$1,293,608</b>	<b>\$1,444,127</b>	<b>\$7,441,752</b>

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**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13
<b>Governmental Activities:</b>				
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	31,560,613	27,424	0	31,588,037
Furniture, fixtures and equipment	1,117,119	26,281	0	1,143,400
Vehicles	1,065,840	0	0	1,065,840
Textbooks and Library Books	496,934	0	0	496,934
<b>Total capital assets being depreciated</b>	<b>35,914,226</b>	<b>53,705</b>	<b>0</b>	<b>35,967,931</b>
Accumulated depreciation				
Land improvements	(620,036)	(73,938)	0	(693,974)
Buildings and improvements	(12,224,656)	(1,038,765)	0	(13,263,421)
Furniture, fixtures and equipment	(729,453)	(83,883)	0	(813,336)
Vehicles	(609,646)	(99,023)	0	(708,669)
Textbooks and Library Books	(496,934)	0	0	(496,934)
<b>Total accumulated depreciation</b>	<b>(14,680,725)</b>	<b>(1,295,609) *</b>	<b>0</b>	<b>(15,976,334)</b>
Capital assets being depreciated, net	21,233,501	(1,241,904)	0	19,991,597
<b>Governmental activities capital assets, net</b>	<b>\$21,656,101</b>	<b>(\$1,241,904)</b>	<b>\$0</b>	<b>\$20,414,197</b>

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$1,021,277
Special	4,477
<b>Support Services:</b>	
Instructional Staff	15,774
Board of Education	4,727
Operation and Maintenance of Plant	52,892
Pupil Transportation	84,166
Operation of Non-Instructional Services	500
Operation of Food Services	14,963
Extracurricular	96,833
<b>Total Depreciation Expense</b>	<b>\$1,295,609</b>

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**Note 11 – 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 2013 interfund transfers were made as follows:

Transfers To	Transfers From General Fund
Non-major Governmental Funds:	
Bond Retirement Debt Service Fund	\$77,912

**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 2013, 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.

**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

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District pays medical/surgical premiums of \$1,100 for family coverage, \$825 for employee plus spouse, \$667 for employee plus children and \$393 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, a Meritain Health Company, 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, 2013, 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
2012	0	193,854	193,854	0
2013	0	328,772	328,772	0

**Note 13 - Pension Plans**

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

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://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, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 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, 2013, 2012 and 2011 were \$280,123, \$276,179 and \$227,382, respectively; 39 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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*Notes to the Basic Financial Statements*  
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***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 plan. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plans. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits - Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits - Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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 a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits - Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

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Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by three percent of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

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 recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2013, were 10 percent of covered payroll for members and 14 percent for employers. The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$1,111,430, \$1,131,746 and \$1,082,264, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$30,107 made by the School District and \$21,505 made by the plan members.

Additional information or copies of STRS Ohio's 2012 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling toll free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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**Note 14 – Postemployment Benefits**

***A - School Employees Retirement System***

Plan Description – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment 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) 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 2013 was \$104.90 for most participants, but could be as high \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation is 0.74 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$15,824, \$16,310 and \$14,633, respectively, which equaled the required contributions each year.

Health Care Plan – ORC 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' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

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 year ended June 30, 2013, the health care allocation is 0.16 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 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. 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, 2013, 2012, and 2011 were \$49,820, \$56,137 and \$55,578, respectively; 39 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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.

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

***B. State Teachers Retirement System of Ohio***

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issued as stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2013, 2012 and 2011. The 14 percent employer contribution rate is the maximum rate established under Ohio law.

The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$85,495, \$87,057 and \$83,251, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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**Note 15 - Long-term Obligations**

Changes in the School District's long-term obligations during fiscal year 2013 were as follows:

<b>Governmental-Type Activities</b>	Outstanding 6/30/12	Additions	Deductions	Outstanding 6/30/13	Due in One Year
<b>General Obligation Bonds</b>					
2002 School Improvement Refunding Bonds:					
Current Interest Term Bonds	\$685,000	\$0	(\$220,000)	\$465,000	\$230,000
2000 Ohio School Facilities Bonds:					
Capital Appreciation Bonds	369,474	0	(97,652)	271,822	97,868
Accretion on Capital Appreciation Bonds	466,726	45,442	(137,348)	374,820	137,132
<i>Total 2000 Ohio School Facilities Bonds</i>	<u>836,200</u>	<u>45,442</u>	<u>(235,000)</u>	<u>646,642</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	22,991	23,772	0	46,763	0
Unamortized Premium	118,873	0	(11,412)	107,461	0
<i>Total 2011 Classroom Facilities Refunding Bonds</i>	<u>2,091,863</u>	<u>23,772</u>	<u>(11,412)</u>	<u>2,104,223</u>	<u>0</u>
<b>Total General Obligation Bonds</b>	<u>3,613,063</u>	<u>69,214</u>	<u>(466,412)</u>	<u>3,215,865</u>	<u>465,000</u>
<b>Other Long-Term Obligations:</b>					
1998 Energy Conservation Note	69,000	0	(33,600)	35,400	35,400
Compensated Absences	1,403,578	164,803	(186,569)	1,381,812	236,490
<b>Total Other Long-Term Obligations</b>	<u>1,472,578</u>	<u>164,803</u>	<u>(220,169)</u>	<u>1,417,212</u>	<u>271,890</u>
<b>Total Long-Term Obligations</b>	<u>\$5,085,641</u>	<u>\$234,017</u>	<u>(\$686,581)</u>	<u>\$4,633,077</u>	<u>\$736,890</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 deferred outflow of resources on the accompanying financial statements, is being charged to operations through fiscal year 2015 using the straight-line method. The School District decreased its total debt service payments by \$475,713 as a result of the advance refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$376,869.

On December 1, 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.

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The 2000 general obligation bonds include capital appreciation bonds of \$475,097. This year the addition on these bonds aggregating \$45,442 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 deferred outflow of resources on 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 \$23,772 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 \$10,982,486 with an unvoted debt margin of \$137,508 at June 30, 2013. Principal requirements to retire general obligation debt outstanding at June 30, 2013, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds					
	2002 Current Interest Bonds			2000 Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$230,000	\$122,070	\$352,070	\$97,868	\$137,132	\$235,000
2015	235,000	112,302	347,302	90,261	144,739	235,000
2016	0	0	0	83,693	151,307	235,000
<b>Total</b>	<b>\$465,000</b>	<b>\$234,372</b>	<b>\$699,372</b>	<b>\$271,822</b>	<b>\$433,178</b>	<b>\$705,000</b>

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Fiscal Year Ending June 30,	2011 General Obligation Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	62,328	62,328	84,999	175,001	260,000
2018	265,000	58,220	323,220	0	0	0
2019 - 2022	1,450,000	141,717	1,591,717	0	0	0
<b>Total</b>	<b>\$1,865,000</b>	<b>\$451,610</b>	<b>\$2,316,610</b>	<b>\$84,999</b>	<b>\$175,001</b>	<b>\$260,000</b>

  

Fiscal Year Ending June 30,	Energy Conservation Note		
	Principal	Interest	Total
2014	\$35,400	\$1,759	\$37,159

**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, 2013*

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**Note 17 - Set-Asides**

The District is 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.

	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of June 30, 2012	\$0
Current Year Set-Aside Requirement	329,113
Qualifying Disbursements	(245,631)
Current year offsets	<u>(123,141)</u>
Total	<u><u>(\$39,659)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Cash balance as of June 30, 2013	<u><u>\$0</u></u>

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 restrictions, the District also received monies restricted for school bus purchases. The total restricted balance for all set-asides at the end of the fiscal year was \$22,629.

**Note 18 - Jointly Governed Organizations & Council of Governments**

***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.

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.

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

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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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 \$49,993 to ACCESS during fiscal year 2013. 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 2013, 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 council of governments among area school districts. The council of governments 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 2013, the Struthers City School District paid \$73,882 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, 2013*

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**Note 20 - Contingencies**

***A. Grants***

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. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2013, if applicable, cannot be determined at this time.

***B. Litigation***

At June 30, 2013, the School District was not party to any legal proceedings.

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STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education.</i>					
Nutrition Cluster:					
National School Lunch Program	10.555	\$502,300	\$73,099	\$502,300	\$73,099
National School Breakfast Program	10.553	107,651		107,651	
<b>Total Nutrition Cluster</b>		<b>609,951</b>	<b>73,099</b>	<b>609,951</b>	<b>73,099</b>
National Breakfast and Lunch Expansion	10.560	9,264		9,264	
<b>Total U.S. Department of Agriculture</b>		<b>619,215</b>	<b>73,099</b>	<b>619,215</b>	<b>73,099</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>					
<i>Passed Through Ohio Department of Education.</i>					
Special Education Cluster:					
Special Education Grants to States					
IDEA-B - 2012	84.027	75,450		44,869	
IDEA-B - 2013	84.027	363,241		347,484	
<b>Total Special Education Cluster</b>		<b>438,691</b>		<b>392,353</b>	
Title I Part A Cluster:					
Grants to Local Educational Agencies					
Title I - 2012	84.010	140,629		92,424	
Title I - 2013	84.010	503,416		483,439	
<b>Total Grants to Local Educational Agencies Cluster</b>		<b>644,045</b>		<b>575,863</b>	
Race to the Top					
Race to the Top - 2011	84.395	7,119		5,071	
Resident Educator	84.395	1,400		1,400	
Race to the Top - 2012	84.395	12,632		6,011	
<b>Total Race to the Top</b>		<b>21,151</b>		<b>12,482</b>	
Title II-A Improving Teacher Quality - 2012					
Title II-A Improving Teacher Quality - 2013	84.367	112,307		107,041	
<b>Total Improving Teacher Quality</b>		<b>156,634</b>		<b>144,923</b>	
Education Jobs Grant - 2012	84.410	157,654		-	
Drug Free Grant - 2012	84.186	-		5,000	
<b>Total Department of Education</b>		<b>1,418,175</b>		<b>1,130,621</b>	
<b>Total Federal Awards Receipts and Expenditures</b>		<b>\$ 2,037,390</b>	<b>\$73,099</b>	<b>\$1,749,836</b>	<b>\$73,099</b>

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

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Struthers City School District's (the District's) federal award programs' receipts and expenditures. 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 commodities.



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 9, 2014, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statements No.63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and No. 65, "Items Previously Reported as Assets and Liabilities".

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 9, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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  
Struthers, Ohio 44471

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Struthers City School District's (the District) compliance with the applicable 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 the Struthers City School District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Struthers City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

October 9, 2014

**STRUTHERS CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<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 other 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 other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster (CFDA # 10.553 and #10.555) Special Education Grants to States - (CFDA # 84.027)
<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, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-01	<p><b>Non-Compliance, Material Weakness and Questioned Cost</b></p> <p>During our testing of the Special Education Cluster and Title I grants, we noted the District did not have the appropriate level of oversight over grant expenditures nor were there adequate policies or procedures defining the process of the management of federal grants.</p>	Yes	Finding No Longer Valid-Steps were taken to correct this finding.
2011-02	<p><b>Non-Compliance Finding, Significant Deficiency and Questioned Cost</b></p> <p>2 CFR § 225, states for a cost to be allowable, it must be for the purpose the specific award permits and fall within A-7's allowable cost guidelines. For Educational Jobs (EdJobs), Public Law 111-226, prohibits LEA's from using Ed Jobs funds for general administrative expenses. \$59,891 of Ed Jobs money was used to pay the salary of the Director of Special Education which resulted in a questioned cost.</p>	Yes	Finding No Longer Valid
2011-03	<p><b>Non-Compliance Finding and Significant Deficiency</b></p> <p>34 CFR 80.20 (b)(7) requires advances made by electronic transfer of funds should be made as close as possible to the time of making disbursements. The State Fiscal Stabilization Fund (SFSF) program funds were advanced and the District did not obligate funds within 30 days of receipt.</p>	Yes	Finding No Longer Valid

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Struthers City School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on December 18, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

October 9, 2014

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# Dave Yost • Auditor of State

**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  
OCTOBER 21, 2014**