

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2014***

ARTHUR J. GINNETTI III, TREASURER



Dave Yost • Auditor of State

Board of Education
Struthers City School District
99 Euclid Avenue
Struthers, Ohio 44471

We have reviewed the *Independent Auditor's Report* of the Struthers City School District, Mahoning County, prepared by Julian & Grube, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Struthers City School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

May 13, 2015

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**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Struthers City School District, Mahoning County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Struthers City School 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 Struthers City School 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 Struthers City School 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, its major fund, and the aggregate remaining fund information of the Struthers City School District, Mahoning County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

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 and Other Information

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

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") 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 relates 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 January 28, 2015, on our consideration of the Struthers City School 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 Struthers City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
January 28, 2015

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Struthers City School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

This discussion and analysis of Struthers City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. 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 2014 are as follows:

- In total, net position increased by \$46,938, an increase of less than one percent from fiscal year 2013.
- Revenues for governmental activities totaled \$20,775,513 in fiscal year 2014. Of this total, 83 percent consisted of general revenues while program revenues accounted for the balance of 17 percent.
- Program expenses totaled \$20,728,575. Instructional expenses made up 64 percent of this total while support services accounted for 28 percent. Other expenses rounded out the remaining 8 percent.
- The District's only major governmental fund is the general fund. The general fund had \$18,089,503 in revenues and \$17,324,574 in expenditures, excluding other financing uses. During fiscal year 2014, the general fund balance increased \$646,038, or 13 percent.
- The bond retirement fund was reported as major in the prior year but did not qualify as major this fiscal year.

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 is the most significant.

Struthers City School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources 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

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 fund is the general 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 funds, account for employee benefits and workers compensation.

Struthers City School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Fiduciary Funds The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net 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 School District as a Whole

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 2014 compared to 2013:

Net Position (Table 1)			
Governmental Activities			
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Assets			
Current and Other Assets	\$15,957,074	\$15,447,351	\$509,723
Capital Assets, Net	<u>19,205,272</u>	<u>20,414,197</u>	<u>(1,208,925)</u>
<i>Total Assets</i>	<u>35,162,346</u>	<u>35,861,548</u>	<u>(699,202)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	<u>51,946</u>	<u>60,871</u>	<u>(8,925)</u>
Liabilities			
Current Liabilities	2,239,213	2,324,874	(85,661)
Long-Term Liabilities			
Due within One Year	636,283	736,890	(100,607)
Due in More than One Year	<u>3,423,700</u>	<u>3,896,187</u>	<u>(472,487)</u>
<i>Total Liabilities</i>	<u>6,299,196</u>	<u>6,957,951</u>	<u>(658,755)</u>
Deferred Inflows of Resources			
Property Taxes	<u>4,636,352</u>	<u>4,732,662</u>	<u>(96,310)</u>
Net Position			
Net Investment in Capital Assets	16,802,215	17,645,386	(843,171)
Restricted	2,474,991	2,366,146	108,845
Unrestricted	<u>5,001,538</u>	<u>4,220,274</u>	<u>781,264</u>
<i>Total Net Position</i>	<u>\$24,278,744</u>	<u>\$24,231,806</u>	<u>\$46,938</u>

Total assets decreased by \$699,202. 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 \$1,208,925.

Total liabilities decreased by \$658,755. The majority of this decrease was due to a reduction in principal owed on long-term debt and short-term notes payable.

Deferred inflows of resources decreased \$96,310 due to a decrease in property tax receivable.

Struthers City School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

By comparing assets, deferred outflows of resources, liabilities and deferred inflows of resources, one can see the overall position of the School District has increased slightly as evidenced by the increase in net position of \$46,938.

Table 2 shows the changes in net position for fiscal year 2014 as compared to fiscal year 2013.

Table 2
Change in Net Position

	2014	2013	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,751,090	\$1,581,035	\$170,055
Operating Grants and Contributions	1,728,524	2,214,796	(486,272)
Total Program Revenues	3,479,614	3,795,831	(316,217)
General Revenues			
Property Taxes	4,636,957	4,496,703	140,254
Intergovernmental	12,489,756	11,820,624	669,132
Investment Earnings	8,439	7,973	466
Miscellaneous	160,747	35,333	125,414
Total General Revenues	17,295,899	16,360,633	935,266
Total Revenues	20,775,513	20,156,464	619,049
Program Expenses			
Current:			
Instruction	13,181,232	13,660,108	(478,876)
Support Services:			
Pupils	879,423	677,971	201,452
Instructional Staff	379,504	518,323	(138,819)
Board of Education	99,731	138,911	(39,180)
Administration	1,548,102	1,309,753	238,349
Fiscal	365,515	384,654	(19,139)
Business	36,065	73,372	(37,307)
Operation and Maintenance of Plant	1,967,304	1,733,264	234,040
Pupil Transportation	516,199	500,937	15,262
Central	5,837	186,579	(180,742)
Operation of Non-Instructional Services	104,086	133,161	(29,075)
Operation of Food Services	732,763	780,099	(47,336)
Extracurricular Activities	773,731	730,200	43,531
Interest and Fiscal Charges	139,083	157,694	(18,611)
Total Program Expenses	20,728,575	20,985,026	(256,451)
Change in Net Position	46,938	(828,562)	875,500
Net Position Beginning of Year	24,231,806	25,060,368	(828,562)
Net Position End of Year	\$24,278,744	\$24,231,806	\$46,938

Struthers City School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Governmental Activities

Net position of the District's governmental activities increased \$46,938. Total governmental expenses of \$20,728,575 were offset by program revenues of \$3,479,614 and general revenues of \$17,295,899. Program revenues supported 17 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 82 percent of total governmental revenue.

The largest expense of the District is for instructional programs. Instructional expenses totaled \$13,181,232 or 64 percent of total governmental expenses for fiscal year 2014.

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

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$8,893,213	\$7,647,782	\$9,031,494	\$8,336,214
Special	3,078,976	2,269,691	3,090,739	1,987,809
Vocational	273,222	213,594	206,089	193,384
Other	935,821	935,721	1,331,786	1,240,418
Support Services:				
Pupils	879,423	878,548	677,971	635,546
Instructional Staff	379,504	311,744	518,323	385,484
Board of Education	99,731	99,381	138,911	115,657
Administration	1,548,102	1,548,102	1,309,753	1,222,064
Fiscal	365,515	362,891	384,654	339,409
Business	36,065	36,065	73,372	68,840
Operation and Maintenance of Plant	1,967,304	1,967,304	1,733,264	1,597,333
Pupil Transportation	516,199	506,364	500,937	475,157
Central	5,837	5,837	186,579	174,959
Operation of Non-Instructional Services	104,086	11,006	133,161	12,563
Food Service Operation	732,763	(59,465)	780,099	(88,862)
Extracurricular Activities	773,731	375,313	730,200	335,526
Interest and Fiscal Charges	139,083	139,083	157,694	157,694
<i>Total Expenditures</i>	<u>\$20,728,575</u>	<u>\$17,248,961</u>	<u>\$20,985,026</u>	<u>\$17,189,195</u>

The dependence upon property taxes and other general revenues for governmental activities is apparent. For all governmental activities expenses, general revenue support is 83 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, 2014
Unaudited

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 \$20,732,096 to offset expenditures of \$20,309,591. The net change in fund balance for the year was most significant in the general fund, which increased \$646,038. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, intergovernmental revenues and property taxes are the largest revenue sources, accounting for more than 68 percent and 22 percent respectively, of total governmental revenue. Clearly, the community is the greatest source of financial support for the students of the Struthers City School District.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the School District amended its general fund budget once. For the general fund, original budgeted revenues were \$16,814,541 and final budgeted revenues were \$18,065,186. Actual revenues for fiscal year 2014 were \$18,003,472. This represents a decrease of \$61,714 from final budgeted revenues.

General fund original appropriations of \$18,839,170 were amended to \$19,227,215 in the final appropriation. The actual budget basis expenditures for fiscal year 2014, including transfers and advances, totaled \$18,285,141, which were \$942,074 less than final budgeted appropriations and \$554,029 less 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 2014, the School District had \$19,205,272 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks.

Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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

	<u>2014</u>	<u>2013</u>
Land	\$422,600	\$422,600
Land Improvements	905,808	979,746
Buildings and Improvements	17,331,875	18,324,616
Furniture and Equipment	268,950	330,064
Vehicles	<u>276,039</u>	<u>357,171</u>
<i>Total</i>	<u>\$19,205,272</u>	<u>\$20,414,197</u>

Struthers City School District
Mahoning County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

All capital assets, except land, are reported net of depreciation. The overall decrease in capital assets of \$1,208,925 is due to current year depreciation of \$1,238,191 exceeding capital outlays of \$29,266 during the fiscal year. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Long-Term Obligations

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

Table 5
Outstanding Long-Term Obligations at Year End

	<u>2014</u>	<u>2013</u>
General Obligation Bonds	\$2,800,988	\$3,215,865
Energy Conservation Notes	0	35,400
Compensated Absences	<u>1,258,995</u>	<u>1,381,812</u>
<i>Total</i>	<u><u>\$4,059,983</u></u>	<u><u>\$4,633,077</u></u>

At June 30, 2014, the District had \$2,800,988 in general obligation bonds and \$1,258,995 in compensated absences outstanding. Of this total, \$636,283 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 15 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, 2014
Unaudited*

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

<u>Fiscal Year</u>	<u>Expense Per Pupil</u>	<u>Amount of Change</u>	<u>Percentage of Change</u>
2013	\$8,506	(\$358)	(4%)
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, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,575,679
Accrued Interest Receivable	1,653
Accounts Receivable	13,834
Intergovernmental Receivable	74,177
Property Taxes Receivable	5,279,731
Inventory Held for Resale	8,880
Materials and Supplies Inventory	3,120
Nondepreciable Capital Assets	422,600
Depreciable Capital Assets, Net	18,782,672
<i>Total Assets</i>	<u>35,162,346</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	<u>51,946</u>
Liabilities	
Accounts Payable	19,791
Accrued Wages and Benefits Payable	1,690,207
Intergovernmental Payable	501,643
Early Retirement Incentive Bonus Payable	12,000
Accrued Interest Payable	6,124
Claims Payable	9,448
Long-Term Liabilities:	
Due Within One Year	636,283
Due In More Than One Year	3,423,700
<i>Total Liabilities</i>	<u>6,299,196</u>
Deferred Inflows of Resources	
Property Taxes	<u>4,636,352</u>
Net Position	
Net Investment in Capital Assets	16,802,215
Restricted for:	
Capital Projects	15,531
Debt Service	800,390
Other Purposes	1,544,699
Set-asides	114,371
Unrestricted	5,001,538
<i>Total Net Position</i>	<u>\$24,278,744</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, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$8,893,213	\$1,135,058	\$110,373	(\$7,647,782)
Special	3,078,976	33,333	775,952	(2,269,691)
Vocational	273,222	59,628	0	(213,594)
Other	935,821	100	0	(935,721)
Support Services:				
Pupils	879,423	0	875	(878,548)
Instructional Staff	379,504	0	67,760	(311,744)
Board of Education	99,731	350	0	(99,381)
Administration	1,548,102	0	0	(1,548,102)
Fiscal	365,515	0	2,624	(362,891)
Business	36,065	0	0	(36,065)
Operation and Maintenance of Plant	1,967,304	0	0	(1,967,304)
Pupil Transportation	516,199	9,835	0	(506,364)
Central	5,837	0	0	(5,837)
Operation of Non-Instructional Services	104,086	0	93,080	(11,006)
Operation of Food Services	732,763	144,652	647,576	59,465
Extracurricular Activities	773,731	368,134	30,284	(375,313)
Interest and Fiscal Charges	139,083	0	0	(139,083)
<i>Total Governmental Activities</i>	<u>\$20,728,575</u>	<u>\$1,751,090</u>	<u>\$1,728,524</u>	<u>(17,248,961)</u>
General Revenues				
Property Taxes Levied for:				
				4,267,488
				317,359
				52,110
Grants and Entitlements not				
				12,489,756
				8,439
				160,747
<i>Total General Revenues</i>				<u>17,295,899</u>
				46,938
				24,231,806
				<u>\$24,278,744</u>

See accompanying notes to the basic financial statements

Struthers City School District
Mahoning County, Ohio

Balance Sheet
Governmental Funds
June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,079,294	\$2,878,627	\$9,957,921
Accrued Interest Receivable	1,653	0	1,653
Accounts Receivable	13,834	0	13,834
Interfund Receivable	230,650	0	230,650
Property Taxes Receivable	4,910,426	369,305	5,279,731
Inventory Held for Resale	0	8,880	8,880
Materials and Supplies Inventory	0	3,120	3,120
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	114,371	0	114,371
<i>Total Assets</i>	<u>\$12,350,228</u>	<u>\$3,259,932</u>	<u>\$15,610,160</u>
Liabilities			
Accounts Payable	\$19,791	\$0	\$19,791
Accrued Wages and Benefits Payable	1,501,675	188,532	1,690,207
Intergovernmental Payable	452,584	49,059	501,643
Interfund Payable	0	230,650	230,650
Early Retirement Incentive Payable	12,000	0	12,000
<i>Total Liabilities</i>	<u>1,986,050</u>	<u>468,241</u>	<u>2,454,291</u>
Deferred Inflows of Resources			
Property Taxes	4,313,559	322,793	4,636,352
Unavailable Revenue - Property Taxes	596,867	46,512	643,379
Unavailable Revenue - Tuition and Fees	167	0	167
Unavailable Revenue - Other	11,714	0	11,714
<i>Total Deferred Inflows of Resources</i>	<u>4,922,307</u>	<u>369,305</u>	<u>5,291,612</u>
Fund Balances			
Nonspendable	0	3,120	3,120
Restricted	114,371	2,682,606	2,796,977
Committed	0	14,664	14,664
Assigned	837,348	0	837,348
Unassigned (Deficit)	4,490,152	(278,004)	4,212,148
<i>Total Fund Balances</i>	<u>5,441,871</u>	<u>2,422,386</u>	<u>7,864,257</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$12,350,228</u>	<u>\$3,259,932</u>	<u>\$15,610,160</u>

See accompanying notes to the basic financial statements

Struthers City School District
Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$4,221,377	\$384,044	\$4,605,421
Tuition and Fees	1,237,787	0	1,237,787
Interest	6,978	1,461	8,439
Charges for Services	0	144,652	144,652
Extracurricular Activities	170,323	175,720	346,043
Rentals	22,441	0	22,441
Contributions and Donations	21,265	24,399	45,664
Intergovernmental	12,269,895	1,902,721	14,172,616
Miscellaneous	139,437	9,596	149,033
<i>Total Revenues</i>	<u>18,089,503</u>	<u>2,642,593</u>	<u>20,732,096</u>
Expenditures			
Current:			
Instruction:			
Regular	8,022,873	148,585	8,171,458
Special	2,245,278	877,186	3,122,464
Vocational	270,976	0	270,976
Other	930,913	4,908	935,821
Support Services:			
Pupils	847,173	2,026	849,199
Instructional Staff	286,798	64,449	351,247
Board of Education	94,309	120	94,429
Administration	1,541,269	47,245	1,588,514
Fiscal	347,567	15,967	363,534
Business	35,997	0	35,997
Operation and Maintenance of Plant	1,703,339	212,919	1,916,258
Pupil Transportation	450,974	0	450,974
Central	9,199	0	9,199
Operation of Non-Instructional Services	174	111,059	111,233
Operation of Food Services	0	721,661	721,661
Extracurricular Activities	508,469	196,602	705,071
Capital Outlay	29,266	0	29,266
Debt Service:			
Principal Retirement	0	500,400	500,400
Interest and Fiscal Charges	0	81,890	81,890
<i>Total Expenditures</i>	<u>17,324,574</u>	<u>2,985,017</u>	<u>20,309,591</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>764,929</u>	<u>(342,424)</u>	<u>422,505</u>
Other Financing Sources (Uses)			
Transfers In	0	118,891	118,891
Transfers Out	(118,891)	0	(118,891)
<i>Total Other Financing Sources (Uses)</i>	<u>(118,891)</u>	<u>118,891</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	646,038	(223,533)	422,505
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	4,795,833	2,645,919	7,441,752
<i>Fund Balances End of Year</i>	<u>\$5,441,871</u>	<u>\$2,422,386</u>	<u>\$7,864,257</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, 2014*

Net Change in Fund Balances - Total Governmental Funds \$422,505

***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	29,266	
Current Year Depreciation	(1,238,191)	
Total		(1,208,925)

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

Property Taxes	31,536	
Tuition and Fees	167	
Miscellaneous	11,714	
Total		43,417

Repayment of long-term debt principal is an expenditure
in the governmental funds, but the repayment reduces long-term
liabilities in the statement of net position. 500,400

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	1,855	
Accreted Interest on Bonds	(61,534)	
Amortization of Premium	11,411	
Amortization of Deferred Amount of Advance Refunding	(8,925)	
Total		(57,193)

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. 122,817

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. 223,917

Change in Net Position of Governmental Activities \$46,938

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, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$3,978,021	\$4,221,400	\$4,221,377	(\$23)
Tuition and Fees	1,181,302	1,253,575	1,223,993	(29,582)
Interest	8,151	8,650	7,245	(1,405)
Extracurricular Activities	19,043	20,208	20,208	0
Rentals	32,959	34,975	22,441	(12,534)
Contributions and Donations	12,585	13,356	13,356	0
Intergovernmental	11,515,190	12,219,701	12,353,742	134,041
Miscellaneous	67,290	71,407	46,877	(24,530)
<i>Total Revenues</i>	<u>16,814,541</u>	<u>17,843,272</u>	<u>17,909,239</u>	<u>65,967</u>
Expenditures				
Current:				
Instruction:				
Regular	8,883,236	8,969,184	8,319,240	649,944
Special	2,253,867	2,275,674	2,268,805	6,869
Vocational	274,372	277,026	277,694	(668)
Other	925,965	934,924	930,334	4,590
Support Services:				
Pupils	838,864	846,980	831,015	15,965
Instructional Staff	464,471	468,965	318,263	150,702
Board of Education	124,587	125,793	147,488	(21,695)
Administration	1,655,682	1,671,701	1,573,580	98,121
Fiscal	407,104	411,042	371,771	39,271
Business	22,172	22,387	36,223	(13,836)
Operation and Maintenance of Plant	2,078,015	2,098,120	2,011,110	87,010
Pupil Transportation	525,013	529,821	482,587	47,234
Central	12,715	12,838	19,775	(6,937)
Operation of Non-Instructional Services	3,164	3,195	3,174	21
Extracurricular Activities	369,943	373,793	355,400	18,393
<i>Total Expenditures</i>	<u>18,839,170</u>	<u>19,021,443</u>	<u>17,946,459</u>	<u>1,074,984</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,024,629)</u>	<u>(1,178,171)</u>	<u>(37,220)</u>	<u>1,140,951</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditure	0	94,233	94,233	0
Advances Out	0	(205,772)	(205,772)	0
Transfers In	0	127,681	0	(127,681)
Transfers Out	0	0	(132,910)	(132,910)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>16,142</u>	<u>(244,449)</u>	<u>(260,591)</u>
<i>Net Change in Fund Balance</i>	(2,024,629)	(1,162,029)	(281,669)	880,360
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	6,153,313	6,153,313	6,153,313	0
Prior Year Encumbrances Appropriated	486,689	486,689	486,689	0
<i>Fund Balance End of Year</i>	<u>\$4,615,373</u>	<u>\$5,477,973</u>	<u>\$6,358,333</u>	<u>\$880,360</u>

See accompanying notes to the basic financial statements

Struthers City School District

Mahoning County, Ohio

Statement of Fund Net Position

Proprietary Funds

June 30, 2014

	<u>Internal Service</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$503,387
Intergovernmental Receivable	<u>74,177</u>
<i>Total Assets</i>	<u>577,564</u>
Current Liabilities	
Claims Payable	<u>9,448</u>
Net Position	
Unrestricted	<u><u>\$568,116</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 Funds
For the Fiscal Year Ended June 30, 2014*

	<u>Internal Service</u>
Operating Revenues	
Charges for Services	\$274,666
Intergovernmental	181,168
<i>Total Operating Revenues</i>	<u>455,834</u>
Operating Expenses	
Claims	<u>231,917</u>
<i>Change in Net Position</i>	223,917
<i>Net Position Beginning of Year</i>	<u>344,199</u>
<i>Net Position End of Year</i>	<u><u>\$568,116</u></u>

See accompanying notes to the basic financial statements

Struthers City School District

Mahoning County, Ohio

*Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2014*

	<u>Internal Service</u>
<i>Increase in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	\$274,666
Cash Received from Intergovernmental Sources	106,991
Cash Payments for Claims	<u>(222,469)</u>
<i>Net Cash Provided by Operating Activities</i>	159,188
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>344,199</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$503,387</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$223,917
Adjustments:	
Increase in Intergovernmental Receivable	(74,177)
Increase in Claims Payable	<u>9,448</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$159,188</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, 2014

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$113,527</u>
Liabilities	
Undistributed Monies	\$55,188
Due to Students	<u>58,339</u>
<i>Total Liabilities</i>	<u>\$113,527</u>

See accompanying notes to the basic financial statements

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 three instructional support facilities staffed by 80 non-certified and 135 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 2014 fiscal year was 1,874. 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, 2014

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 funds are 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 funds are 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 is the School District's major governmental fund:

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, 2014

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 funds.

Internal Service Funds The internal service funds account 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 internal service funds are an employee benefits fund and a workers compensation fund that accounts for 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, deferred outflows of resources, 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, deferred outflows of resources, 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 funds are 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 funds.

Struthers City School District
Mahoning County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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, 2014, but which were levied to finance fiscal year 2015 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, tuition and fees and other miscellaneous revenue. 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
For the Fiscal Year Ended June 30, 2014

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. Although the legal level of control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. 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 2014, 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, 2014.

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 2014 amounted to \$6,978, none of which was assigned from other School District funds.

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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 and capital acquisitions. 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:

Description	Estimated Lives
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

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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:

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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.

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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 as well as intergovernmental receipts used for operating purposes. 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 Principles and Restatement of Prior Year Budget Basis Fund Balances and Fund Balances

A. Change in Accounting Principles

For fiscal year 2014, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62”, Statement No. 67, “Financial Reporting for Pension Plans”, and Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

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GASB Statement No. 67 establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of GASB Statement No. 67 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

B. Restatement of Prior Year Budget Basis Fund Balance

During fiscal year 2014 it was determined that a prior year audit adjustment to cash was made in the School District's accounting system during fiscal year 2011 and fiscal year 2012 and was not properly reflected in these financial statements. This adjustment had the following effect on the general fund budget basis fund balance, as previously reported:

	General Fund
Budget Basis Fund Balance as Reported at 6/30/13	\$6,061,497
Audit Cash Adjustment from Prior Years	91,816
Adjusted Budget Basis Fund Balance at 6/30/13	\$6,153,313

C. Restatement of Prior Year Fund Balances

During fiscal year 2014 it was determined that a prior year audit adjustment to cash was made in the School District's accounting system during fiscal year 2011 and fiscal year 2012 and was not properly reflected in these financial statements. Although total fund balance of the School District did not change, this adjustment had the following effect on the general fund and other governmental funds, as previously reported:

	General Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances as Previously Reported at 6/30/13	\$4,704,017	\$2,737,735	\$7,441,752
Audit Cash Adjustment from Prior Years	91,816	(91,816)	0
Adjusted Fund Balances at 6/30/13	\$4,795,833	\$2,645,919	\$7,441,752

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Notes to the Basic Financial Statements
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Note 4 – Accountability

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor Governmental Funds:</u>	<u>Deficit</u>
Auxiliary Services Fund	\$6,937
Public School/Preschool Fund	70,815
IDEA Part B Fund	72,157
Title I Fund	88,963
Improving Teacher Quality Fund	14,254
Miscellaneous Federal Grants Fund	24,878

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

Note 5 - Budgetary Basis of Accounting

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

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

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

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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	\$646,038
Net Adjustment for Revenue Accruals	(86,031)
Net Adjustment for Expenditure Accruals	45,928
Advance Out	(205,772)
Net Adjustment for Funds Budgeted as Special Revenue	22,832
Adjustment for Encumbrances	<u>(704,664)</u>
Budget Basis	<u><u>(\$281,669)</u></u>

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;

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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.

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, 2014, the carrying amount of all District deposits was \$8,661,150. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2014, \$6,996,284 of the District's bank balance of \$8,857,355 was exposed to custodial risk as discussed below, while \$1,861,071 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 fair value at all times shall be at least one hundred percent of the deposit being secured.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

C. Investments

As of June 30, 2014, the School District had the following investments and maturities:

STAR Ohio	\$2,024,596	6 Months or Less
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Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk 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.

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, 2014:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$8,661,150	Governmental Activities	\$10,575,679
Investments	2,024,596	Agency Funds	113,527
Cash on hand	3,460		
Total	<u>\$10,689,206</u>		<u>\$10,689,206</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 2014 represent collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 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, 2014, are available to finance fiscal year 2014 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, 2014 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.

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, 2014.

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 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$131,311,450	95.49 %	\$131,080,860	95.02 %
Public Utility Personal	6,196,320	4.51	6,872,780	4.98
Total	\$137,507,770	100.00 %	\$137,953,640	100.00 %
 Tax rate per \$1,000 of assessed valuation	 \$64.70		 \$63.50	

Note 8 - Receivables

Receivables at June 30, 2014, consisted of taxes, accounts (rent, student fees and tuition) and accrued interest. 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>Internal Service Fund:</i>	
Worker's Compensation Reimbursement	\$74,177

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Notes to the Basic Financial Statements
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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	Nonmajor Governmental	Total
<i>Nonspendable</i>			
Inventory	\$0	\$3,120	\$3,120
<i>Restricted for</i>			
Food Service Operations	0	866,388	866,388
Community Activities	0	5,794	5,794
Technology Improvements	0	89,001	89,001
Classroom Maintenance	0	34,840	34,840
Athletics & Music	0	114,694	114,694
Data Communication	0	7,200	7,200
Teacher Development	0	5,012	5,012
Student Achievement	0	139,067	139,067
Summer Intervention Programs	0	74,518	74,518
Poverty Aid	0	21,783	21,783
Teacher Development	0	207,293	207,293
Race to the Top Grant	0	1,755	1,755
Debt Service Payments	0	1,113,495	1,113,495
Capital Improvements	91,742	867	92,609
Other Purposes	0	899	899
Bus Purchases	22,629	0	22,629
<i>Total Restricted</i>	114,371	2,682,606	2,796,977
<i>Committed to</i>			
Capital Improvements	0	14,664	14,664
<i>Assigned to</i>			
Other Purposes	155,546	0	155,546
Encumbrances	681,802	0	681,802
<i>Total Assigned</i>	837,348	0	837,348
<i>Unassigned (Deficit)</i>	4,490,152	(278,004)	4,212,148
<i>Total Fund Balances</i>	\$5,441,871	\$2,422,386	\$7,864,257

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14
Governmental Activities:				
Capital assets not being depreciated				
Land	\$422,600	\$0	\$0	\$422,600
Capital assets being depreciated				
Land improvements	1,673,720	0	0	1,673,720
Buildings and improvements	31,588,037	23,016	0	31,611,053
Furniture, fixtures and equipment	1,143,400	6,250	0	1,149,650
Vehicles	1,065,840	0	0	1,065,840
Textbooks and Library Books	496,934	0	0	496,934
Total capital assets being depreciated	35,967,931	29,266	0	35,997,197
Accumulated depreciation				
Land improvements	(693,974)	(73,938)	0	(767,912)
Buildings and improvements	(13,263,421)	(1,015,757)	0	(14,279,178)
Furniture, fixtures and equipment	(813,336)	(67,364)	0	(880,700)
Vehicles	(708,669)	(81,132)	0	(789,801)
Textbooks and Library Books	(496,934)	0	0	(496,934)
Total accumulated depreciation	(15,976,334)	(1,238,191) *	0	(17,214,525)
Capital assets being depreciated, net	19,991,597	(1,208,925)	0	18,782,672
Governmental activities capital assets, net	\$20,414,197	(\$1,208,925)	\$0	\$19,205,272

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,008,151
Special	4,477
Support Services:	
Instruction Staff	15,774
Board of Education	5,302
Operation and Maintenance of Plant	53,387
Pupil Transportation	66,554
Operation of Non-Instructional Services	250
Operation of Food Services	14,963
Extracurricular	69,333
Total Depreciation Expense	\$1,238,191

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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 2014 interfund transfers were made as follows:

<u>Transfers To</u>	<u>Transfers From General Fund</u>
Non-major Governmental Funds:	
Drug Free Schools Grant Fund	\$14,071
Miscellaneous Federal Grants Fund	104,820
Total	<u>\$118,891</u>

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 2014, the School District contracted with Ohio Casualty/Liberty Mutual for property insurance with a \$2,500 deductible. Professional liability is also protected by Ohio Casualty/Liberty Mutual with a \$3,000,000 aggregate limit.

Vehicles and busses are covered by Ohio Casualty/Liberty Mutual and hold a \$250/\$1,000 deductible for comprehensive and a \$500/\$1,000 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, prescription drug, dental and vision 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

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays premiums of \$1,561 for family coverage, \$1,172 for employee plus spouse, \$955 for employee plus children and \$562 for single coverage per employee per month.

The claims liability of \$9,448 reported in the internal service funds at June 30, 2014, includes claim costs relating to reported claims paid in the available period which were payable at June 30th.

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
2013	0	328,772	328,772	0
2014	0	231,917	222,469	9,448

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, 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, 2014, 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, 2014, 2013 and 2012 were \$280,924, \$280,123 and \$276,179, respectively; 39 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 31st 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.

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 14 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013 until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The District was required to contribute 14 percent, 13 percent was the portion used to fund pension obligations.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$1,093,231, \$1,111,430 and \$1,131,746, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$41,567 made by the School District and \$32,660 made by the plan members.

Additional information or copies of STRS Ohio's 2013 *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.

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 2014 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 if they participated in one of SERS' health care plans.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is 0.76 percent. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$16,298, \$15,824 and \$16,310, respectively; 39 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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, 2014, the health care allocation is 0.14 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 2014, the minimum compensation level was established at \$20,250. 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, 2014, 2013, and 2012 were \$38,240, \$49,820 and \$56,137, respectively; 39 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at 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 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, 2014, 2013 and 2012. 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, 2014, 2013 and 2012 were \$84,095, \$85,495 and \$87,057, respectively; 83 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 15 - Long-term Obligations

Changes in the School District's long-term obligations during fiscal year 2014 were as follows:

Governmental-Type Activities	Outstanding 6/30/13	Additions	Deductions	Outstanding 6/30/14	Due in One Year
General Obligation Bonds					
2002 School Improvement Refunding Bonds:					
Current Interest Term Bonds	\$465,000	\$0	(\$230,000)	\$235,000	\$235,000
2000 Ohio School Facilities Bonds:					
Capital Appreciation Bonds	271,822	0	(97,868)	173,954	90,261
Accretion on Capital Appreciation Bonds	374,820	32,529	(137,132)	270,217	144,739
<i>Total 2000 Ohio School Facilities Bonds</i>	<u>646,642</u>	<u>32,529</u>	<u>(235,000)</u>	<u>444,171</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	46,763	29,005	0	75,768	0
Unamortized Premium	107,461	0	(11,411)	96,050	0
<i>Total 2011 Classroom Facilities Refunding Bonds</i>	<u>2,104,223</u>	<u>29,005</u>	<u>(11,411)</u>	<u>2,121,817</u>	<u>0</u>
Total General Obligation Bonds	<u>3,215,865</u>	<u>61,534</u>	<u>(476,411)</u>	<u>2,800,988</u>	<u>470,000</u>
Other Long-Term Obligations:					
1998 Energy Conservation Note	35,400	0	(35,400)	0	0
Compensated Absences	1,381,812	104,505	(227,322)	1,258,995	166,283
Total Other Long-Term Obligations	<u>1,417,212</u>	<u>104,505</u>	<u>(262,722)</u>	<u>1,258,995</u>	<u>166,283</u>
Total Long-Term Obligations	<u>\$4,633,077</u>	<u>\$166,039</u>	<u>(\$739,133)</u>	<u>\$4,059,983</u>	<u>\$636,283</u>

On October 15, 2002, the School District issued \$1,750,000 in general obligation bonds at interest rates ranging from 1.90 percent to 4.25 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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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The 2000 general obligation bonds include capital appreciation bonds of \$475,097. This year the addition on these bonds aggregating \$32,529 represents the accretion of discounted interest. The final maturity of these bonds is \$1,175,000.

On April 18, 2011, the 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 \$29,005 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, IDEA Part B, Title I and improving teacher quality special revenue funds.

The District's overall legal debt margin was \$11,170,370 with an unvoted debt margin of \$137,954 at June 30, 2014. Principal requirements to retire general obligation debt outstanding, 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
2015	\$235,000	\$112,302	\$347,302	\$90,261	\$144,739	\$235,000
2016	0	0	0	83,693	151,307	235,000
Total	\$235,000	\$112,302	\$347,302	\$173,954	\$296,046	\$470,000

Fiscal Year Ending June 30,	2011 General Obligation Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
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	275,000	49,850	324,850	0	0	0
2020 - 2023	1,175,000	94,867	1,269,867	0	0	0
Total	\$1,865,000	\$390,970	\$2,255,970	\$84,999	\$175,001	\$260,000

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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.

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, 2013	\$0
Current Year Set-Aside Requirement	330,719
Qualifying Disbursements	(175,708)
Current year offsets	<u>(63,269)</u>
Total	<u>\$91,742</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$91,742</u>
Cash balance as of June 30, 2014	<u>\$91,742</u>

Struthers City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District did not have qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero. Therefore, this balance is being carried forward to future years.

In addition to the above statutory restrictions, the District also had monies restricted for school bus purchases in the amount of \$22,629. The total restricted balance for all set-asides at the end of the fiscal year was \$114,371.

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.

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 \$48,633 to ACCESS during fiscal year 2014. 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 2014, 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.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 2014, the Struthers City School District paid \$70,601 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.

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, 2014, if applicable, cannot be determined at this time.

B. Litigation

At June 30, 2014, the School District was not party to any legal proceedings.

SUPPLEMENTARY DATA

STRUTHERS CITY SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Cluster:				
(C)(D) School Breakfast Program	10.553	2014	\$ 94,835	\$ 94,835
(C)(D) National School Lunch Program	10.555	2014	491,178	491,178
(D)(E) National School Lunch Program - Food Donation	10.555	2014	50,497	50,497
Total National School Lunch Program			<u>541,675</u>	<u>541,675</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>636,510</u>	<u>636,510</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grants to Local Educational Agencies	84.010	2013	37,081	57,058
Title I Grants to Local Educational Agencies	84.010	2014	476,989	510,214
Total Title I Grants to Local Educational Agencies			<u>514,070</u>	<u>567,272</u>
Special Education_Grants to States	84.027	2013	31,229	46,986
Special Education_Grants to States	84.027	2014	251,809	293,891
Total Special Education_Grants to States			<u>283,038</u>	<u>340,877</u>
Improving Teacher Quality State Grants	84.367	2013	6,801	12,067
Improving Teacher Quality State Grants	84.367	2014	94,768	101,716
Total Improving Teacher Quality State Grants			<u>101,569</u>	<u>113,783</u>
SFSF - Race to the Top, Recovery Act	84.395A	2013	-	6,621
SFSF - Race to the Top, Recovery Act	84.395A	2014	7,046	5,291
Total SFSF - Race to the Top, Recovery Act			<u>7,046</u>	<u>11,912</u>
Total U.S. Department of Education			<u>905,723</u>	<u>1,033,844</u>
Total Federal Financial Assistance			<u>\$ 1,542,233</u>	<u>\$ 1,670,354</u>

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

- (A) OAKS did not assign pass-through numbers for fiscal year 2014.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of the "Child Nutrition Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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, OH 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, its major fund, and the aggregate remaining fund information of the Struthers City School District, Mahoning County, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Struthers City School District's basic financial statements and have issued our report thereon dated January 28, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Struthers City School 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Struthers City School 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 Struthers City School 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.

Board of Education
Struthers City School District

Compliance and Other Matters

As part of reasonably assuring whether the Struthers City School 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 Struthers City School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Struthers City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
January 28, 2015



Julian & Grube, Inc.

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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**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, OH 44471

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Struthers City School District's 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 fiscal year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings and responses identifies the Struthers City School District's major federal programs.

Management's Responsibility

The Struthers City School 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 Struthers City School District's compliance for each of the Struthers City School 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 Struthers City School 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 Struthers City School District's major programs. However, our audit does not provide a legal determination of the Struthers City School 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 fiscal year ended June 30, 2014.

Board of Education
Struthers City School District

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings and responses as item 2014-001. This finding did not require us to modify our compliance opinion on each major federal program.

The Struthers City School District's response to our noncompliance finding is described in the accompanying schedule of findings and responses. We did not audit the Struthers City School District's response and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The Struthers City School 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 Struthers City School 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 Struthers City School 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.



Julian & Grube, Inc.
January 28, 2015

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	Yes
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grants to Local Educational Agencies (CFDA #84.010); Special Education_Grants to States (CFDA #84.027)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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None

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2014-001
CFDA Title and Number	N/A
Federal Award Number/Year	2014
Federal Agency	U.S. Department of Agriculture U.S. of Department Education
Pass-Through Agency	Ohio Department of Education

Noncompliance

OMB Circular A-133 Section 200 (b) states that non-Federal entities that expend \$500,000 or more in a year in Federal awards shall have a single audit conducted in accordance with Section 500 except when they elect to have a program-specific audit conducted in accordance with paragraph (c) of this section.

OMB Circular A-133 Section 320 (a) states the audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit. Unless restricted by law or regulation, the auditee shall make copies available for public inspection.

The data collection form and reporting package for June 30, 2013 was filed in October of 2014, which is outside the nine-month requirement.

By not filing the data collection form and reporting package timely, the District will be considered a high risk auditee for at least two audit periods following the June 30, 2013 reporting year.

We recommend the District submit its data collection form and reporting package within the time frame as required by OMB Circular A-133 Section 320.

Client Response and Corrective Action Plan: The reporting package was delayed due to the fiscal year 2013 audit report not being timely filed. The District will file the reporting package timely going forward if the required information is available.

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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
MAY 21, 2015**