



**Auditor of State
Betty Montgomery**

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Struthers Board of Education
Mahoning County
99 Euclid Avenue
Struthers, Ohio 44471

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Struthers City School District, Mahoning County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Struthers City School District, Mahoning County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying federal awards expenditures schedule is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 6, 2003

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Struthers City School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Assets and Other Debits</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,633,346	\$500,367	\$1,119,456	\$13,322,487
Cash and Cash Equivalents:				
in Segregated Accounts	0	0	0	0
With Fiscal Agents	0	0	0	44,847
Receivables:				
Taxes	4,905,333	58,820	940,515	91,782
Accounts	716	3,000	0	171,324
Intergovernmental	8,771	11,089	0	0
Interfund	41,935	0	0	0
Prepaid Items	5,828	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	10,000	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<i>Total Assets and Other Debits</i>	<u>\$6,605,929</u>	<u>\$573,276</u>	<u>\$2,059,971</u>	<u>\$13,630,440</u>

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$68,322	\$0	\$34,269	\$0	\$0	\$16,678,247
0	30,354	0	0		30,354
0	0	0	0		44,847
0	0	0	0	0	5,996,450
0	0	0	0	0	175,040
0	0	0	0	0	19,860
0	0	0	0	0	41,935
0	0	0	0	0	5,828
9,345	0	0	0	0	9,345
1,108	0	0	0	0	1,108
0	0	0	0	0	10,000
245,464	0	0	22,868,913	0	23,114,377
0	0	0	0	1,119,456	1,119,456
0	0	0	0	6,699,205	6,699,205
<u>\$324,239</u>	<u>\$30,354</u>	<u>\$34,269</u>	<u>\$22,868,913</u>	<u>\$7,818,661</u>	<u>\$53,946,052</u>

(continued)

Struthers City School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities, Fund Equity and Other Credits</i>				
Liabilities				
Accounts Payable	\$383,833	\$29,908	\$0	\$311,300
Contracts Payable	0	0	0	2,356,336
Accrued Wages and Benefits	1,236,559	184,266	0	0
Compensated Absences Payable	26,816	16,883	0	0
Retainage Payable	0	0	0	44,847
Interfund Payable	0	717	0	41,218
Intergovernmental Payable	127,905	17,935	0	0
Deferred Revenue	4,905,333	58,820	940,515	91,782
Undistributed Monies	2,834	0	0	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
Asbestos Removal Loan Payable	0	0	0	0
State Operating Loan Payable	892,057	0	0	0
Early Retirement Incentive Payable	11,000	0	0	0
General Obligation Bonds Payable	0	0	0	0
	<u>7,586,337</u>	<u>308,529</u>	<u>940,515</u>	<u>2,845,483</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	377,632	94,117	1,000	10,993,830
Reserved for Bus Purchases	10,000	0	0	0
Unreserved:				
Undesignated (Deficit)	(1,368,040)	170,630	1,118,456	(208,873)
	<u>(980,408)</u>	<u>264,747</u>	<u>1,119,456</u>	<u>10,784,957</u>
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>(980,408)</u>	<u>264,747</u>	<u>1,119,456</u>	<u>10,784,957</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$6,605,929</u>	<u>\$573,276</u>	<u>\$2,059,971</u>	<u>\$13,630,440</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$3,078	\$0	\$0	\$0	\$0	\$728,119
0	0	0	0	0	2,356,336
28,530	0	0	0	0	1,449,355
17,997	0	0	0	1,155,500	1,217,196
0	0	0	0	0	44,847
0	0	0	0	0	41,935
11,432	0	0	0	80,724	237,996
0	0	0	0	0	5,996,450
0	0	11,567	0	0	14,401
0	0	22,702	0	0	22,702
0	12,599	0	0	0	12,599
0	0	0	0	328,900	328,900
0	0	0	0	306	306
0	0	0	0	0	892,057
0	0	0	0	11,000	22,000
0	0	0	0	6,242,231	6,242,231
<u>61,037</u>	<u>12,599</u>	<u>34,269</u>	<u>0</u>	<u>7,818,661</u>	<u>19,607,430</u>
0	0	0	22,868,913	0	22,868,913
137,208	0	0	0	0	137,208
125,994	17,755	0	0	0	143,749
0	0	0	0	0	11,466,579
0	0	0	0	0	10,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(287,827)</u>
<u>263,202</u>	<u>17,755</u>	<u>0</u>	<u>22,868,913</u>	<u>0</u>	<u>34,338,622</u>
<u>\$324,239</u>	<u>\$30,354</u>	<u>\$34,269</u>	<u>\$22,868,913</u>	<u>\$7,818,661</u>	<u>\$53,946,052</u>

Sruthers City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002*

	Governmental Fund		
	General	Special Revenue	Debt Service
Revenues			
Taxes	\$4,094,543	\$57,257	\$692,118
Intergovernmental	8,347,220	1,864,559	303,157
Interest	102,971	0	0
Tuition and Fees	76,018	0	0
Extracurricular Activities	0	193,678	0
Gifts and Donations	0	16,038	0
Customer Services	210	0	0
Rent	4,641	0	0
Miscellaneous	70,459	58,190	0
	<i>Total Revenues</i>	<i>12,696,062</i>	<i>2,189,722</i>
		<i>995,275</i>	
Expenditures			
Current:			
Instruction:			
Regular	7,021,404	654,230	0
Special	1,089,578	558,617	0
Vocational	803,206	4,435	0
Support Services:			
Pupils	445,656	142,869	0
Instructional Staff	151,717	275,769	0
Board of Education	56,877	300	0
Administration	1,059,294	149,840	0
Fiscal	446,539	4,030	0
Business	41,354	0	0
Operation and Maintenance of Plant	1,187,491	30	0
Pupil Transportation	434,764	15,034	0
Central	63,149	5,134	0
Operation of Non-Instructional Services	1,513	130,579	0
Extracurricular Activities	190,816	217,418	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	449,700
Interest and Fiscal Charges	50,953	0	356,357
	<i>Total Expenditures</i>	<i>13,044,311</i>	<i>2,158,285</i>
		<i>806,057</i>	
	<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(348,249)</i>	<i>31,437</i>
		<i>189,218</i>	
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	19,154	0	0
Operating Transfers In	0	55,877	5,000
Operating Transfers Out	(98,039)	0	0
	<i>Total Other Financing Sources (Uses)</i>	<i>(78,885)</i>	<i>55,877</i>
		<i>5,000</i>	
	<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<i>(427,134)</i>	<i>87,314</i>
		<i>194,218</i>	
	<i>Fund Balances (Deficit) Beginning of Year</i>	<i>(553,274)</i>	<i>177,433</i>
		<i>925,238</i>	
	<i>Fund Balances (Deficit) End of Year</i>	<i>(\$980,408)</i>	<i>\$264,747</i>
		<i>\$1,119,456</i>	

See accompanying notes to the general purpose financial statements

<u>Types</u>	<u>Totals</u> (Memorandum Only)
Capital Projects	
\$79,354	\$4,923,272
17,699,176	28,214,112
267,964	370,935
0	76,018
0	193,678
0	16,038
0	210
0	4,641
<u>221,974</u>	<u>350,623</u>
<u>18,268,468</u>	<u>34,149,527</u>
0	7,675,634
0	1,648,195
0	807,641
0	588,525
0	427,486
0	57,177
0	1,209,134
0	450,569
0	41,354
0	1,187,521
0	449,798
0	68,283
0	132,092
0	408,234
14,650,762	14,650,762
8,367	458,067
<u>2,185</u>	<u>409,495</u>
<u>14,661,314</u>	<u>30,669,967</u>
<u>3,607,154</u>	<u>3,479,560</u>
0	19,154
0	60,877
<u>0</u>	<u>(98,039)</u>
<u>0</u>	<u>(18,008)</u>
3,607,154	3,461,552
<u>7,177,803</u>	<u>7,727,200</u>
<u><u>\$10,784,957</u></u>	<u><u>\$11,188,752</u></u>

Struthers City School District
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual*
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$3,898,490	\$3,898,490	\$0
Intergovernmental	8,287,496	8,287,496	0
Interest	98,902	102,941	4,039
Tuition and Fees	74,927	76,018	1,091
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Rent	4,641	4,641	0
Miscellaneous	64,380	69,952	5,572
<i>Total Revenues</i>	<u>12,428,836</u>	<u>12,439,538</u>	<u>10,702</u>
Expenditures			
Current:			
Instruction:			
Regular	6,836,748	6,839,645	(2,897)
Special	1,093,924	1,093,924	0
Vocational	807,389	807,389	0
Support Services:			
Pupils	483,017	483,017	0
Instructional Staff	151,621	151,621	0
Board of Education	94,987	94,987	0
Administration	1,066,834	1,066,834	0
Fiscal	411,374	411,374	0
Business	45,122	45,122	0
Operation and Maintenance of Plant	1,235,103	1,234,484	619
Pupil Transportation	469,246	465,293	3,953
Central	63,179	63,179	0
Operation of Non-Instructional Services	6,353	6,353	0
Extracurricular Activities	193,218	193,218	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>12,958,115</u>	<u>12,956,440</u>	<u>1,675</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(529,279)</u>	<u>(516,902)</u>	<u>12,377</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	18,780	19,154	374
Advances In	0	0	0
Advances Out	(717)	(717)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(6,201)	(6,201)	0
<i>Total Other Financing Sources (Uses)</i>	<u>11,862</u>	<u>12,236</u>	<u>374</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(517,417)</u>	<u>(504,666)</u>	<u>12,751</u>
<i>Fund Balances Beginning of Year</i>	1,494,591	1,494,591	0
Prior Year Encumbrances Appropriated	278,293	278,293	0
<i>Fund Balances End of Year</i>	<u>\$1,255,467</u>	<u>\$1,268,218</u>	<u>\$12,751</u>

See accompanying notes to the general purpose financial statements

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$57,256	\$57,257	\$1	\$888,172	\$888,172	\$0
1,887,728	1,893,669	5,941	354,110	354,110	0
0	0	0	0	0	0
0	0	0	0	0	0
191,520	193,678	2,158	0	0	0
13,034	16,038	3,004	0	0	0
0	0	0	0	0	0
52,079	55,190	3,111	0	0	0
<u>2,201,617</u>	<u>2,215,832</u>	<u>14,215</u>	<u>1,242,282</u>	<u>1,242,282</u>	<u>0</u>
656,295	656,295	0	0	0	0
531,066	531,066	0	0	0	0
5,421	5,421	0	0	0	0
169,407	169,407	0	0	0	0
261,952	261,952	0	0	0	0
300	300	0	0	0	0
146,276	146,276	0	0	0	0
5,427	5,427	0	0	0	0
0	0	0	0	0	0
30	30	0	0	0	0
14,954	14,954	0	0	0	0
5,134	5,134	0	0	0	0
158,266	157,792	474	0	0	0
286,655	286,559	96	0	0	0
0	0	0	0	0	0
0	0	0	645,753	645,753	0
0	0	0	408,310	408,310	0
<u>2,241,183</u>	<u>2,240,613</u>	<u>570</u>	<u>1,054,063</u>	<u>1,054,063</u>	<u>0</u>
<u>(39,566)</u>	<u>(24,781)</u>	<u>14,785</u>	<u>188,219</u>	<u>188,219</u>	<u>0</u>
0	0	0	0	0	0
717	717	0	0	0	0
0	0	0	0	0	0
1,201	1,201	0	5,000	5,000	0
0	0	0	0	0	0
<u>1,918</u>	<u>1,918</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>	<u>0</u>
(37,648)	(22,863)	14,785	193,219	193,219	0
355,106	355,106	0	925,238	925,238	0
62,415	62,415	0	0	0	0
<u>\$379,873</u>	<u>\$394,658</u>	<u>\$14,785</u>	<u>\$1,118,457</u>	<u>\$1,118,457</u>	<u>\$0</u>

(continued)

Struthers City School District
*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Fiscal Year Ended June 30, 2002*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$79,354	\$79,354	\$0
Intergovernmental	17,699,176	17,699,176	0
Interest	245,297	267,964	22,667
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Rent	0	0	0
Miscellaneous	50,650	50,650	0
<i>Total Revenues</i>	<u>18,074,477</u>	<u>18,097,144</u>	<u>22,667</u>
Expenditures			
Current:			
Instruction:			
Regular	107,605	107,605	0
Special	0	0	0
Vocational	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	23,514,323	23,932,851	(418,528)
Debt Service:			
Principal Retirement	8,367	8,367	0
Interest and Fiscal Charges	2,185	2,185	0
<i>Total Expenditures</i>	<u>23,632,480</u>	<u>24,051,008</u>	<u>(418,528)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,558,003)</u>	<u>(5,953,864)</u>	<u>(395,861)</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(5,558,003)</u>	<u>(5,953,864)</u>	<u>(395,861)</u>
<i>Fund Balances Beginning of Year</i>	6,487,659	6,487,659	0
Prior Year Encumbrances Appropriated	738,763	738,763	0
<i>Fund Balances End of Year</i>	<u>\$1,668,419</u>	<u>\$1,272,558</u>	<u>(\$395,861)</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$4,923,272	\$4,923,273	\$1
28,228,510	28,234,451	5,941
344,199	370,905	26,706
74,927	76,018	1,091
191,520	193,678	2,158
13,034	16,038	3,004
4,641	4,641	0
167,109	175,792	8,683
33,947,212	33,994,796	47,584
7,600,648	7,603,545	(2,897)
1,624,990	1,624,990	0
812,810	812,810	0
652,424	652,424	0
413,573	413,573	0
95,287	95,287	0
1,213,110	1,213,110	0
416,801	416,801	0
45,122	45,122	0
1,235,133	1,234,514	619
484,200	480,247	3,953
68,313	68,313	0
164,619	164,145	474
479,873	479,777	96
23,514,323	23,932,851	(418,528)
654,120	654,120	0
410,495	410,495	0
39,885,841	40,302,124	(416,283)
(5,938,629)	(6,307,328)	(368,699)
18,780	19,154	374
717	717	0
(717)	(717)	0
6,201	6,201	0
(6,201)	(6,201)	0
18,780	19,154	374
(5,919,849)	(6,288,174)	(368,325)
9,262,594	9,262,594	0
1,079,471	1,079,471	0
\$4,422,216	\$4,053,891	(\$368,325)

Struthers City School District
*Combined Statement of Revenues,
Expenses and Changes in Fund Equity*
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues			
Sales	\$150,275	\$0	\$150,275
Charges for Services	0	222,527	222,527
<i>Total Operating Revenues</i>	<u>150,275</u>	<u>222,527</u>	<u>372,802</u>
Operating Expenses			
Salaries	223,519	0	223,519
Fringe Benefits	62,592	0	62,592
Purchased Services	12,037	6,496	18,533
Materials and Supplies	890	0	890
Cost of Sales	232,420	0	232,420
Depreciation	8,224	0	8,224
Claims	0	91,610	91,610
Other	19,138	0	19,138
<i>Total Operating Expenses</i>	<u>558,820</u>	<u>98,106</u>	<u>656,926</u>
<i>Operating Gain (Loss)</i>	<u>(408,545)</u>	<u>124,421</u>	<u>(284,124)</u>
Non-Operating Revenues			
Donated Commodities	33,449	0	33,449
Interest	62	0	62
Operating Grants	391,648	0	391,648
Capital Contributions	155,647	0	0
<i>Total Non-Operating Revenues</i>	<u>580,806</u>	<u>0</u>	<u>580,806</u>
<i>Income Before Operating Transfers</i>	172,261	124,421	296,682
Operating Transfers In	37,162	0	37,162
<i>Net Income</i>	209,423	124,421	333,844
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>(83,429)</u>	<u>(106,666)</u>	<u>(190,095)</u>
<i>Retained Earnings End of Year</i>	125,994	17,755	143,749
Contributed Capital Beginning and End of Year	137,208	0	137,208
<i>Total Fund Equity End of Year</i>	<u>\$263,202</u>	<u>\$17,755</u>	<u>\$280,957</u>

See accompanying notes to the general purpose financial statements

Struthers City School District
*Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Enterprise Funds
For the Fiscal Year Ended June 30, 2002*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$149,906	\$150,275	\$369
Interest	0	62	62
Operating Grants	432,808	432,823	15
<i>Total Revenues</i>	<u>582,714</u>	<u>583,160</u>	<u>446</u>
Expenses			
Salaries	223,367	223,367	0
Fringe Benefits	59,317	59,317	0
Purchased Services	12,232	12,232	0
Materials and Supplies	210,050	210,050	0
Other	19,138	19,138	0
<i>Total Expenses</i>	<u>524,104</u>	<u>524,104</u>	<u>0</u>
<i>Excess of Revenues Over Expenses</i>	58,610	59,056	446
<i>Fund Equity (Deficit) Beginning of Year</i>	(5,497)	(5,497)	0
Prior Year Encumbrances Appropriated	<u>7,960</u>	<u>7,960</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$61,073</u></u>	<u><u>\$61,519</u></u>	<u><u>\$446</u></u>

See accompanying notes to the general purpose financial statements

Struthers City School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$150,275	\$0	\$150,275
Cash Received from Quasi-External			
Operating Transactions with Other Funds	0	222,527	222,527
Cash Payments to Suppliers for Goods and Services	(215,475)	(6,496)	(221,971)
Cash Payments to Employees for Services and Benefits	(282,684)	0	(282,684)
Cash Payments for Claims	0	(215,548)	(215,548)
Cash Payments for Other Operating Expenses	(19,138)	0	(19,138)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(367,022)	483	(366,539)
Cash Flows from Noncapital Financing Activities			
Operating Grants	432,823	0	432,823
Cash Flows from Investing Activities:			
Interest on Investments	62	0	62
<i>Net Increase in Cash and Cash Equivalents</i>	65,863	483	66,346
<i>Cash and Cash Equivalents Beginning of Year</i>	2,459	29,871	32,330
<i>Cash and Cash Equivalents End of Year</i>	<u>\$68,322</u>	<u>\$30,354</u>	<u>\$98,676</u>
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used for) Operating Activities			
<i>Operating Gain (Loss)</i>	(408,545)	\$124,421	(\$284,124)
<i>Adjustments:</i>			
Depreciation	8,224	0	8,224
Donated Commodities Used During Year	28,644	0	28,644
(Increase)/Decrease in Assets:			
Inventory Held for Resale	(741)	0	(741)
Materials and Supplies Inventory	890	0	890
Increase/(Decrease) in Liabilities:			
Accounts Payable	1,078	0	1,078
Accrued Wages and Benefits	4,044	0	4,044
Compensated Absences Payable	(3,892)	0	(3,892)
Intergovernmental Payable	3,276	0	3,276
Claims Payable	0	(123,938)	(123,938)
<i>Total Adjustments</i>	41,523	(123,938)	(82,415)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$367,022)</u>	<u>\$483</u>	<u>(\$366,539)</u>

Non Cash Non Capital Financing Activities

Federal Donated Commodities in the amount of \$33,449 were recorded as revenue when received.

See accompanying notes to the general purpose financial statements

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 1 - Description of the School District

The Struthers City School District (School District) operates under a locally-elected five-member Board and provides educational services as authorized by State and federal agencies. The Board controls the School District's five instructional support facilities staffed by 82 non-certificated and 141 certified full-time teaching personnel and 14 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 2002 fiscal year was 2,072. 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 ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. This includes general operations, food service and related activities of the School District.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in a shared risk pool and three jointly governed organizations. These organizations are presented in Notes 16 and 17 to the general purpose financial statements. These organizations are Mahoning County Insurance Consortium, Area Cooperative Computerized Educational Service System, Mahoning County Career and Technical Center and Ohio Schools' Council.

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies

The general purpose financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

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

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

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

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

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

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

Internal Service Fund This fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

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

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures/Expenses 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.

C. Budgetary Data

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Mahoning County Budget Commission for rate determination.

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

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

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. The emergency school repair capital projects fund had expended more than its equity interest in the pooled bank account at June 30, 2002. The general fund made an advance to this fund to eliminate negative cash balances. The general fund has an interfund receivable for the amount advanced while the fund with the negative cash balance has an interfund payable for the same amount on the combined balance sheet.

During fiscal year 2002, investments were limited to STAROhio and repurchase agreements. Repurchase agreements are reported at cost. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$102,971 which includes \$66,602 assigned from other School District funds.

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

The School District uses an escrow agent to hold retainage on construction contracts. The balance in this account is presented on the financial statements as "cash and cash equivalents with fiscal agents" and represents deposits.

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of an inventory item is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets, the unspent workers' compensation monies and bus purchases. See Note 20 for additional information regarding set-asides.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

H. Fixed Assets and Depreciation

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

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

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

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

I. Interfund Assets and Liabilities

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

J. Compensated Absences

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

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

K. Contributed Capital

Contributed capital in the proprietary funds represents resources provided prior to 2001, from other funds. In 2002, capital contributions received during 2002 are reported as revenue on the operating statement and included in the retained earnings.

L. Accrued Liabilities and Long-term Obligations

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

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

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

M. Interfund Transactions

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

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources, and therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and bus purchases.

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

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

Note 3 - Accountability

Fund balance at June 30, 2002, included the following individual fund deficits:

General Fund	\$980,408
<i>Special Revenue Funds:</i>	
Gifted Education	2,402
Title I	81,103
DPIA	49,779
Class Size Reduction	2,659
Emergency Building Repair Capital Projects Fund	41,218

The deficits in the general and special revenue funds resulted from accrual accounting. The deficit in the emergency building repair capital projects fund resulted from expenditures in excess of resources. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Enterprise Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Proceeds from and principal payment on tax and revenue anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$427,134)	\$87,314	\$194,218	\$3,607,154
Revenue Accruals	(9,517)	(83,243)	0	(126,477)
Advances In	0	717	0	0
Transfers In	0	54,676	0	0
Expenditure Accruals	438,053	23,382	0	2,619,017
Advances Out	(717)	0	0	0
Transfers Out	(91,838)	0	0	0
Unrecorded Cash	0	0	0	(44,847)
Reclassification of Debt				
Taxes	(247,007)	0	247,007	0
Principal Retirement	196,053	0	(196,053)	0
Interest and Fiscal Charges	50,953	0	(50,953)	0
Encumbrances	<u>(413,512)</u>	<u>(105,709)</u>	<u>(1,000)</u>	<u>(12,008,711)</u>
Budget Basis	<u><u>(\$504,666)</u></u>	<u><u>(\$22,863)</u></u>	<u><u>\$193,219</u></u>	<u><u>(\$5,953,864)</u></u>

Net Income/Excess of Revenues
Over Expenses
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$209,423	\$124,421
Revenue Accruals	(147,921)	0
Depreciation Expense	8,224	0
Transfers In	(37,162)	0
Expense Accruals	33,295	0
Net Income for Non-Budgeted Fund	0	(124,421)
Encumbrances	<u>(6,803)</u>	<u>0</u>
Budget Basis	<u><u>\$59,056</u></u>	<u><u>\$0</u></u>

Note 5 - Deposits and Investments

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

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Inactive deposits are public deposits that the School District's 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 as savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

Cash on Hand At fiscal year-end, the School District had \$2,834 in undeposited cash which is included on the balance sheet as part of “equity in pooled cash and cash equivalents.”

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

Deposits At fiscal year-end, the carrying amount of the School District's deposits was \$11,907,744 and the bank balance was \$15,082,157. Of the bank balance, \$430,349 was covered by federal depository insurance and \$14,651,808 was covered by specific pledged collateral or pooled collateral. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposits of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$4,694,057	\$4,694,057	\$4,694,057
STAROhio		158,813	158,813
Total Investments		\$4,852,870	\$4,852,870

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$16,763,448	\$0
Cash on Hand	(2,834)	0
Repurchase Agreement	(4,694,057)	4,694,057
STAROhio	(158,813)	158,813
GASB Statement No. 3	\$11,907,744	\$4,852,870

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2002 for real and public utility property taxes represents collections of calendar year 2001 taxes. Property tax payments received during calendar year 2002 for tangible personal property (other than public utility property) are for calendar year 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2002, on the values as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The assessed values upon which fiscal year 2002 taxes were collected are:

	2001 Second - Half Collection		2002 First - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$112,541,400	86.15%	\$113,886,560	86.15%
Public Utility	8,336,650	6.38	7,419,180	5.61
Tangible Personal Property	9,756,420	7.47	10,886,750	8.24
Total Assessed Value	\$130,634,470	100.00%	\$132,192,490	100.00%
Tax rate per \$1,000 of assessed valuation	\$64.30		\$64.30	

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

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

The School District receives property taxes from Mahoning County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. There was no amount available to the School District as an advance at June 30, 2002.

Note 7 – Receivables

Receivables at June 30, 2002, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>General Fund:</i>	
Paint Valley Local School District	\$8,531
Bureau of Workers Compensation Refund	240
<i>Total General Fund</i>	8,771
<i>Special Revenue Funds:</i>	
School Net Professional Development	3,450
Title VI	4,811
Miscellaneous Federal Grants	2,828
<i>Total Special Revenue Funds</i>	11,089
<i>Total Intergovernmental Receivable - All Funds</i>	\$19,860

Note 8 - Fixed Assets

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

	Totals
Furniture and Equipment	\$493,194
Less accumulated depreciation	(247,730)
Net Fixed Assets	\$245,464

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Land and Improvements	\$436,200	\$73,650	\$0	\$509,850
Buildings	8,263,551	0	(1,252,513)	7,011,038
Furniture and Equipment	2,908,910	74,632	0	2,983,542
Vehicles	530,574	124,988	0	655,562
Construction in Progress	0	11,708,921	0	11,708,921
Total	\$12,139,235	\$11,982,191	(\$1,252,513)	\$22,868,913

The construction in progress is due to the building of a new Elementary and High School. These are being paid out of the capital projects classroom facilities fund.

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 9 - 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 2002, the School District contracted with the Indiana Insurance Company for property insurance with a \$1,000 deductible. Professional liability is protected by the Great American Insurance Company with a \$5,000,000 aggregate limit.

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

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

\$10,000 performance bonds are maintained for both the board president and superintendent. A \$20,000 performance bond is maintained for the treasurer. A \$25,000 per position blanket bond is maintained for all other employees. All performance bonds are maintained by the Hartford Insurance Company, and the blanket bond is maintained by the Indiana Insurance Company.

B. Employee Health Benefits

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits. The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through an annual calculation process. The Struthers City School District pays a monthly contribution which is placed in a common fund from which claims payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$886.76 for family coverage and \$368.31 for single coverage per employee per month.

The School District has elected to provide vision and dental benefits through a self-insurance program. The School District maintains an insurance reserve internal service fund to account for and finance its uninsured risks of loss in this program. A third party administrator, Professional Risk Management, located in Youngstown, Ohio, reviews all claims which are then paid by the School District. The School District pays into the insurance reserve internal service fund \$8.00 for family vision coverage or \$3.50 for single vision coverage per employee per month which represents the entire premium required. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The claims liability of \$12,599 reported in the internal service fund at June 30, 2002, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount during fiscal years 2001 and 2002 were:

Struthers City School District
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For the Fiscal Year Ended June 30, 2002

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2001	\$156,703	\$172,598	\$192,764	\$136,537
2002	136,537	91,610	215,548	12,599

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The Struthers City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District's rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS's Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$82,666, \$61,605, and \$88,707, respectively; 69.31 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$25,368 representing the unpaid contribution for fiscal year 2002, and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Struthers City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The Struthers City School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$625,179, \$581,161

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

and \$368,460, respectively; 91.58 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$52,662 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

Note 11 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$296,137 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001 (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, during the 2002 fiscal year equaled \$163,024.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 12- Note Debt

The School District's note activity for the fiscal year ended June 30, 2002, is as follows:

<i>General Fund</i>	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
State Operating Loan 5.10%	\$1,088,110	\$0	\$196,053	\$892,057

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

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

Fiscal year Ending June 30	State Operating Loan	
	Principal	Interest
2003	\$206,289	\$40,717
2004	217,060	29,247
2005	228,392	18,614
2006	240,316	6,647
<i>Total</i>	\$892,057	\$95,225

Note 13 - Other Employee Benefits

A. Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 260 days for certified employees and 260 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 60 days, for certified employees. Classified employees receive payment for one-fourth of accumulated sick leave up to 60 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS and must also have ten years of service with the School District.

B. Insurance

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

C. Early Retirement Incentive

The School District Board of Education offered employees participation in a retirement incentive program. Eligible full-time certificated employees who retire at the end of a school year may elect to receive a lump sum payment of \$11,000. The bonus will be paid in two installments, one half in the second pay of July of the year following retirement and the remaining one half in the second pay of January of the following year.

Note 14 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
<i>General Obligation Bonds:</i>				
1992 School Improvements 6.5%	\$2,354,501	\$0	\$225,000	\$2,129,501
2000 Classroom Facilities Bonds 5.0%	4,195,097	0	120,000	4,075,097
2001 Real Estate Acquisition Bond 4.75%	46,000	0	8,367	37,633
<i>Total General Obligation Bonds</i>	6,595,598	0	353,367	6,242,231
1999 Energy Conservation Bonds 4.9%	80,000	0	80,000	0
1992 Asbestos Removal Loan 0%	5,306	0	5,000	306
1995 Energy Conservation Note 4.9%	348,600	0	19,700	328,900
Intergovernmental Payable	100,728	80,724	100,728	80,724
Early Retirement Incentive	0	11,000	0	11,000
Compensated Absences	1,157,207	0	1,707	1,155,500
<i>Total General Long-Term Obligations</i>	<u>\$8,287,439</u>	<u>\$91,724</u>	<u>\$560,502</u>	<u>\$7,818,661</u>

The general obligation bonds, energy conservation bonds and interest-free asbestos removal loan are paid from the debt service fund. The energy conservation note was paid from the capital projects building improvement fund. The compensated absences and early retirement incentive will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the employees are paid.

The School District's overall legal debt margin at June 30, 2002 was \$6,774,549 with an unvoted debt margin of \$132,192 at June 30, 2002. Principal and interest requirements to retire the general obligation bonds, energy conservation note and asbestos removal loan follow:

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Fiscal Year Ending June 30	General Obligation Bonds		Asbestos Removal Loan		Energy Conservation Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$333,764	\$307,168	306	0	\$20,700	\$16,346
2004	228,656	420,013	0	0	21,700	15,318
2005	228,357	417,954	0	0	22,800	14,239
2006	233,633	414,903	0	0	23,900	13,106
2007-2011	1,862,724	1,297,431	0	0	138,800	46,465
2012-2016	1,405,097	1,388,253	0	0	101,000	10,208
2017-2021	1,315,000	362,863	0	0	0	0
2022-2023	635,000	35,338	0	0	0	0
<i>Total</i>	<u>\$6,242,231</u>	<u>\$4,643,923</u>	<u>\$306</u>	<u>\$0</u>	<u>\$328,900</u>	<u>\$115,682</u>

Note 15 - Interfund Transactions

Interfund balances at June 30, 2002, consist of the following individual fund receivables and payables:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$41,935	\$0
Special Revenue Funds:		
Public School Support	0	717
Capital Project Funds		
Emergency Building Repair	0	41,218
<i>Total All Funds</i>	<u>\$41,935</u>	<u>\$41,935</u>

Note 16 - Shared Risk Pool

The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services. To obtain the financial information write to Mahoning County Insurance Consortium, 100 Debartolo Place, Suite 105, Youngstown, Ohio 44512-7019.

Note 17 - Jointly Governed Organizations

A. Area Cooperative Computerized Educational Service System

The Area Cooperative Computerized Educational Service System (ACCESS) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

governments of these schools supports ACCESS based on a per pupil charge. The School District contributed \$34,161 to ACCESS during fiscal year 2002. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 Debartolo Place, Suite 105, Youngstown, Ohio 44512-7019.

B. Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a political subdivision of the State of Ohio operated under the direction of a Board consisting of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts. During fiscal year 2002, no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Career and Technical Center, 7300 North Palmyra Road, Canfield, Ohio, 44406.

C. Ohio Schools' Council

The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2002, the School District paid \$750 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

Note 18- Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

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

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 19 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of its food service operations and uniform school supplies sales. The following table reflects in a summarized format the more significant financial data relating to the enterprise funds of the Struthers City School District as of and for the fiscal year ended June 30, 2002.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$141,989	\$8,286	\$150,275
Depreciation	8,224	0	8,224
Operating Loss	(407,026)	(1,519)	(408,545)
Donated Commodities	33,449	0	33,449
Operating Grants	391,648	0	391,648
Operating Transfers In	37,162	0	37,162
Net Income (Loss)	210,942	(1,519)	209,423
Net Working Capital	28,245	7,490	35,735
Total Assets	316,749	7,490	324,239
Total Equity	255,712	7,490	263,202
Long-Term Compensated Absences	17,997	0	17,997
Encumbrances Outstanding at June 30, 2002	5,769	1,034	6,803

Note 20 - Set-Asides

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

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

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2001	(\$160,027)	\$0
Current Year Set-Aside Requirement	247,592	247,592
Qualifying Disbursements	(407,860)	(458,295)
Totals	(\$320,295)	(\$210,703)
Set-Aside Reserve Balance as of June 30, 2002 Carried Forward to Future Fiscal Years	(\$320,295)	\$0
Cash Balance carried forward to Fiscal Year 2003	\$0	\$0

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital improvement set-aside amount below zero. For the textbook set-aside, this extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement of future fiscal years. This negative balance is therefore not presented as being carried forward to future fiscal years.

Note 21 - Contractual Commitments

At June 30, 2002, the School District had the following contractual purchase commitments:

Company	Amount Remaining on Contract
Kreidler Construction Co.	\$2,295,838
Ohio Edison Co.	3,286
ACA Engineering Inc.	5,000
Knoll Inc.	188,613
Krueger International Inc.	229,915
Project Management Consultants	17,100
Murphy Contracting	2,277,400
Roth Brothers Inc.	1,174,000
Komar Plumbing	163,890
Grunau Co., Inc.	209,000
Valley Electric	897,000
Thomas Mechanical	704,172
Johnson Controls Inc.	371,014
NEC Business Network	1,373,393
Robbin Perry	1,713
Charniga Plumbing & Heating	181,890
York - Mahoning Co.	60,401
W.C. Zable Co.	150,999
Fire Foe Corporation	173,203
Masonry Materials Plus	5,514
Enertech	289,121
Tri - Area Electric Co., Inc.	148,044
BrySCO Foodservice	21,234
Hanahan Strollo & Associates, Inc.	49,939
Total	\$10,991,679

Struthers City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 22 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$28,644		\$28,644
National School Breakfast Program		10.553	\$71,278		\$71,278	
National School Lunch Program		10.555	331,799		331,799	
Special Milk Program		10.556				
Total Department of Agriculture - Nutrition Cluster			403,077	28,644	403,077	28,644
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States - Literacy Interg		84.027	40,620		0	
Handicapped State Grants - Title VI-B	6B-SF-01	84.027	21,446		23,925	
	6B-SF-02	84.027	152,794		151,998	
Total Special Education Cluster			214,860		175,923	
Educationally Deprived Children Local Educational Agencies - Title I	C1-S1-01	84.010	83,990		69,947	
	C1-S1-02	84.010	543,060		530,907	
Total			627,050		600,854	
Drug Free Schools and Communities	DR-S1-00	84.186	0		2,702	
	DR-S1-01	84.186	8,799		2,558	
	DR-S1-02	84.186	453		3,818	
Total			9,252		9,078	
Baldrige Grant	G2-S4-00	84.276	12,350		0	
		84.276	4,482		1,030	
Total			16,832		1,030	
Dwight D. Eisenhower Professional Development Grant	MS-S1-01	84.281	1,212		1,212	
	MS-S1-02	84.281	14,165		13,562	
Total			15,377		14,774	
Goals 2000 Family & School Title VI - Innovative Education Program	C2-S1-01	84.298	9,120		3,951	
	C2-S1-02	84.298	6,867		1,909	
Total			15,987		5,860	
Title VI - R	CR-S1-01	84.340	3,000		21,288	
	CR-S1-02	84.340	90,308		90,273	
Total			93,308		111,561	
Assistive Technology		84.352	9,530		7,808	
Total Department of Education			997,714	0	926,888	0
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>passed through Ohio Department of MRDD</i>						
Community Alternative Funding System		93.778	38,429		59,059	
Totals			\$1,439,220	\$28,644	\$1,389,024	\$28,644

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

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B- FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited the financial statements of the Struthers City School District, Mahoning County (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated June 6, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated June 6, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated June 6, 2003.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 6, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Struthers Board of Education
Mahoning County
99 Euclid Avenue
Struthers, Ohio 44471

To the Board of Education:

Compliance

We have audited the compliance of Struthers City School District, Mahoning County (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted another matter involving the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated June 6, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 6, 2003

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster - CFDA #10.550-#10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**STRUTHERS CITY SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 §.315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u>; <i>Explain</i>:
2001-11150-001	Ohio Revised Code Section 5705.41 (B) – expenditures exceeded total appropriations in the Bond Retirement fund.	Yes	Client corrected the violation that occurred in this fund.



**Auditor of State
Betty Montgomery**

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STRUTHERS CITY SCHOOL DISTRICT

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2003**