



Mary Taylor, CPA  
Auditor of State



**CITY OF STRUTHERS  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Management Discussion and Analysis .....	3
Statement of Net Assets – Modified Cash Basis - December 31, 2005.....	15
Statement of Activities – Modified Cash Basis For the Year Ended December 31, 2005.....	16
Statement of Modified Cash Basis Assets and Fund Cash Balances – Governmental Funds - December 31, 2005.....	18
Statement of Cash Receipts, Cash Disbursements, and Changes in Modified Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2005.....	19
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Budget and Actual (Budgetary Basis) General Fund - For the Year Ended December 31, 2005.....	20
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Budget and Actual (Budget Basis) Revolving Loan Fund - For the Year Ended December 31, 2005.....	21
Statement of Net Assets – Modified Cash Basis- Enterprise Funds - December 31, 2005.....	22
Statement of Receipts, Disbursements and Changes in Net Cash Assets- Modified Cash Basis- Enterprise Funds – For the Year Ended December 31, 2005.....	23
Statement of Fiduciary Net Assets – Modified Cash Basis- Agency Fund - December 31, 2005.....	24
Notes to the Financial Statements .....	25
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	45
Schedule of Findings .....	47
Schedule of Prior Audit Findings .....	51

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Struthers  
Mahoning County  
6 Elm Street  
Struthers, Ohio 44471

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Struthers, Mahoning County, Ohio (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Sewer billings are processed by a service organization independent of the City. The City was not able to provide us with information we requested regarding the design or proper operation of the service organization's internal controls or with certain information regarding charges for services. We were therefore unable to satisfy ourselves as to the proper processing of sewer billings revenues. Those revenues represent 30% of the receipts reported with the business type activities and the Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds, as well as 22% and 98% of revenues in the Sewage Disposal and Sewage Disposal Sinking Funds.

Ohio Administrative Code Section 117-2-03 (B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, except for the effects of such adjustments, if any as might have been necessary had we been able to examine certain information regarding sewer billings receipts reported with the business type activities and the Sewage Disposal Fund and Sewage Disposal Sinking Fund as described in paragraph three above, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business type activities, each major fund, and the aggregate remaining fund information of the City of Struthers, Mahoning County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General and the Revolving Loan Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

**Mary Taylor, CPA**  
Auditor of State

December 31, 2008

## CITY OF STRUTHERS, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005

The management's discussion and analysis of the City of Struthers' (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005, within the limitations of the City's modified cash basis of accounting. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the modified cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

#### **Financial Highlights**

Key financial highlights for 2005 are as follows:

- The total net cash assets of the City increased \$374,870. Net cash assets of governmental activities increased \$299,715, which represents a 49.18% increase over fiscal year 2004. Net cash assets of business-type activities increased \$75,155 or 10.29 % from fiscal year 2004.
- General cash receipts accounted for \$3,727,104 or 78% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,047,627 or 22% of total governmental activities cash receipts.
- The City had \$4,475,016 in cash disbursements related to governmental activities; \$1,047,627 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$3,727,104 were adequate to provide for these programs.
- The City's major governmental funds are the general fund and the revolving loan fund. The general fund, the City's largest major fund, had cash receipts and other financing sources of \$3,942,545 in 2005. The cash disbursements and other financing uses of the general fund, totaled \$3,690,062 in 2005. The general fund's cash balance increased \$252,483 from 2004 to 2005.
- The revolving loan fund, a City major fund, had cash receipts and of \$111,089 in 2005. The revolving loan fund had cash disbursements of \$99,396 in 2005. The revolving loan fund cash balance increased \$11,693 from 2004 to 2005.
- The City's major enterprise funds are the sewage disposal operating fund and the sewage disposal sinking fund. Net cash assets for the sewage disposal fund increased in 2005 by \$7,716 or 5.53%. Net assets for the sewage disposal sinking fund increased in 2005 by \$41,213 or 6.98%.

#### **Using these Cash Basis Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the City's modified cash basis of accounting.

The statement of net assets – modified cash basis and statement of activities – modified cash basis provide information about the activities of the whole City, presenting an aggregate view of the City's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City, there are two major governmental funds. The general fund is the largest major fund.

## CITY OF STRUTHERS, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005

#### **Reporting the City as a Whole**

##### *Statement of net assets and the statement of activities*

The statement of net assets – modified cash basis and the statement of activities – modified cash basis answer the question, How did we do financially during 2005? These statements include *only net assets* using the *modified cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the City's net assets and changes in those assets on a modified cash basis. This change in net cash assets is important because it tells the reader that, for the City as a whole, the cash basis financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property and income tax base and current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

In the statement of net assets – modified cash basis and the statement of activities – modified cash basis, the City is divided into two distinct kinds of activities. Governmental Activities - Most of the City's programs and services are reported here including human services, health, public safety, public works and general government. Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The City's sewer disposal fund, sewer sinking fund and sewer capital fund are reported as business-type activities.

The statement of net assets – modified cash basis and the statement of activities – modified cash basis can be found on pages 14-16 of this report.

#### **Reporting the City's Most Significant Funds**

##### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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



## **CITY OF STRUTHERS, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005**

#### ***Governmental Funds***

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting, which is a basis of accounting other than GAAP. The governmental fund statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various City programs. Since the City is reporting on the modified cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the fund financial statements to the statement of activities – modified cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities – modified cash basis. The governmental fund statements can be found on pages 17-18 of this report.

The City's budgetary process accounts for certain transactions on a cash basis. Budgetary statements for the general fund and the revolving loan fund are presented to demonstrate the City's compliance with annually adopted budgets. The budgetary statements can be found on pages 19-20 of this report.

#### ***Proprietary Funds***

The City maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (modified cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the City as a whole. The City uses enterprise funds to account for sewage disposal operations, sewage sinking fund operations and sewage disposal operations capital projects. The enterprise fund statements can be found on pages 21-22 of this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City's only fiduciary fund is an agency fund. Only the cash held at year end for the agency funds is reported on page 23.

#### ***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-42 of this report.

**CITY OF STRUTHERS, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**Government-Wide Financial Analysis**

Recall that the statement of net assets – modified cash basis provides the perspective of the City as a whole.

The table below provides a summary of the City's net cash assets at December 31, 2005 and 2004.

	<b>Net Cash Assets</b>					
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 909,202	\$ 173,640	\$ 609,487	\$ 139,698	\$ 1,082,842	\$ 749,185
Cash and cash equivalents with fiscal/escrow agents	-	631,984	-	590,771	631,984	590,771
<b>Total assets</b>	<b>909,202</b>	<b>805,624</b>	<b>609,487</b>	<b>730,469</b>	<b>1,714,826</b>	<b>1,339,956</b>
<u>Net cash assets</u>						
Restricted	576,475	631,984	524,967	590,771	1,208,459	1,115,738
Unrestricted	332,727	173,640	84,520	139,698	506,367	224,218
<b>Total net cash assets</b>	<b>\$ 909,202</b>	<b>\$ 805,624</b>	<b>\$ 609,487</b>	<b>\$ 730,469</b>	<b>\$ 1,714,826</b>	<b>\$ 1,339,956</b>

The total net cash assets of the City increased \$374,870. Net cash assets of governmental activities increased \$299,715, which represents a 49.18% increase over fiscal year 2004. Net cash assets of business-type activities increased \$75,155 or 10.29% from fiscal year 2004.

The balance of government-wide unrestricted net cash assets of \$506,367 may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF STRUTHERS, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

The table below shows the changes in net cash assets for fiscal year 2005 and 2004.

	<b>Change in Net Cash Assets</b>					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2005 Total	2004 Total
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Cash Receipts:</b>						
Program cash receipts:						
Charges for services and sales	\$ 560,062	\$ 1,248,477	\$ 494,887	\$ 1,179,386	\$ 1,808,539	\$ 1,674,273
Operating grants and contributions	487,565	1,743,476	661,104	1,539,029	2,231,041	2,200,133
Capital grants and contributions	-	-	375,875	-	-	375,875
<b>Total program cash receipts</b>	<u>1,047,627</u>	<u>2,991,953</u>	<u>1,531,866</u>	<u>2,718,415</u>	<u>4,039,580</u>	<u>4,250,281</u>
General cash receipts:						
Property and other taxes	3,089,655	-	2,906,614	-	3,089,655	2,906,614
Unrestricted grants	335,245	-	308,016	-	335,245	308,016
Sale of notes	105,000	-	120,000	-	105,000	120,000
Investment receipts	10,878	7,048	20,333	3,588	17,926	23,921
Miscellaneous	186,326	10,775	462,747	169,169	197,101	631,916
<b>Total general cash receipts</b>	<u>3,727,104</u>	<u>17,823</u>	<u>3,817,710</u>	<u>172,757</u>	<u>3,744,927</u>	<u>3,990,467</u>
<b>Total cash receipts</b>	<u>4,774,731</u>	<u>3,009,776</u>	<u>5,349,576</u>	<u>2,891,172</u>	<u>7,784,507</u>	<u>8,240,748</u>
<b>Cash Disbursements:</b>						
General government	1,666,826	-	2,042,339	-	1,666,826	2,042,339
Security of persons and property	1,709,113	-	1,999,362	-	1,709,113	1,999,362
Transportation	440,737	-	513,618	-	440,737	513,618
Public health services	112,508	-	80,993	-	112,508	80,993
Leisure time activities	53,653	-	82,828	-	53,653	82,828
Community environment	59,418	-	90,547	-	59,418	90,547
Miscellaneous	101,601	-	184,331	-	101,601	184,331
Capital outlay	208,731	-	348,070	-	208,731	348,070
Debt service:						
Principal retirement	120,000	-	145,000	-	120,000	145,000
Interest and fiscal charges	2,429	-	2,950	-	2,429	2,950
Sewage disposal	-	2,495,468	-	2,517,821	2,495,468	2,517,821
Sewage disposal sinking	-	317,208	-	307,632	317,208	307,632
SDO capital projects	-	121,945	-	-	121,945	-
<b>Total cash disbursements</b>	<u>4,475,016</u>	<u>2,934,621</u>	<u>5,490,038</u>	<u>2,825,453</u>	<u>7,409,637</u>	<u>8,315,491</u>
Transfers	-	-	33,208	(33,208)	-	-
<b>Change in net cash assets</b>	<u>299,715</u>	<u>75,155</u>	<u>(107,254)</u>	<u>32,511</u>	<u>374,870</u>	<u>(74,743)</u>
Net cash assets at beginning of year	<u>609,487</u>	<u>730,469</u>	<u>716,741</u>	<u>697,958</u>	<u>1,339,956</u>	<u>1,414,699</u>
<b>Net cash assets at end of year</b>	<u>\$ 909,202</u>	<u>\$ 805,624</u>	<u>\$ 609,487</u>	<u>\$ 730,469</u>	<u>\$ 1,714,826</u>	<u>\$ 1,339,956</u>

## CITY OF STRUTHERS, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005

#### Governmental Activities

Governmental cash assets increased by \$299,715 in 2005 from 2004.

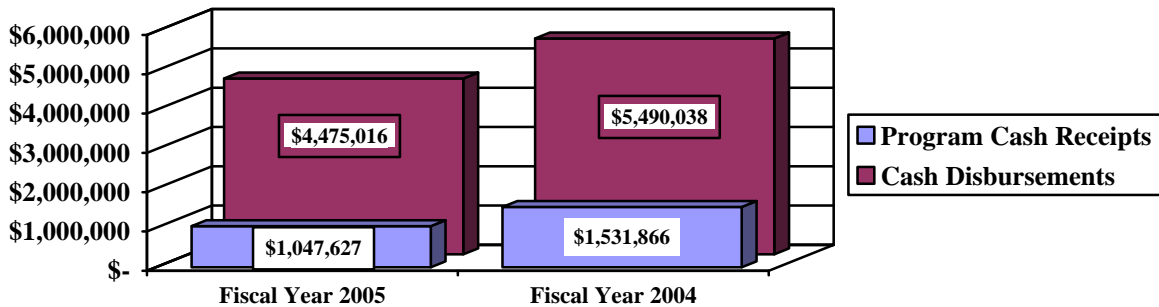
General government represents activities related to the governing body as well as activities that directly support City programs. In 2005, general government cash disbursements totaled \$1,666,826, or 37.25% of total governmental cash disbursements. General government programs were supported by \$189,507 in direct charges to users for services and \$42,136 in operating and contributing grants..

In 2005, the security of persons and property programs accounted for \$1,709,113 or 38.20% of total government cash disbursements. Security of persons and property programs were supported by \$188,968 in direct uses charge and \$17,126 in operating and contributing grants.

In 2005, the transportation projects accounted for \$440,737 or 9.85% of total government cash disbursements. Transportation projects were supported by \$1,018 in direct uses charge and \$406,552 in operating and contributing grants.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 and 2004. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



**CITY OF STRUTHERS, OHIO**

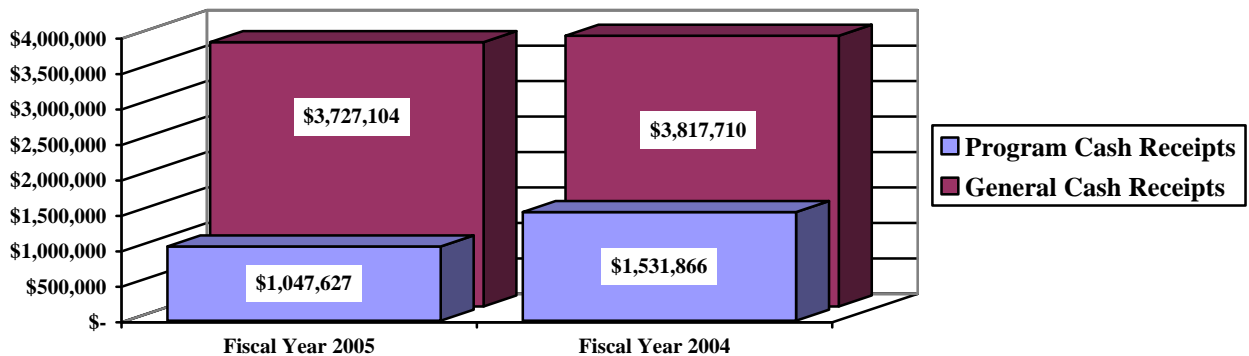
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Cash disbursements:				
Current:				
General government	\$ 1,666,826	\$ 1,435,183	\$ 2,042,339	\$ 1,735,224
Security of persons and property	1,709,113	1,503,019	1,999,362	1,730,819
Transportation	440,737	33,167	513,618	91,106
Public health services	112,508	52,401	80,993	66,965
Leisure time activities	53,653	37,078	82,828	74,106
Community environment	59,418	59,418	90,547	(9,535)
Miscellaneous	101,601	(24,037)	184,331	164,921
Capital outlay	208,731	208,731	348,070	(27,805)
Debt service:				
Principal retirement	120,000	120,000	145,000	129,421
Interest and fiscal charges	2,429	2,429	2,950	2,950
<b>Total</b>	<u>\$ 4,475,016</u>	<u>\$ 3,427,389</u>	<u>\$ 5,490,038</u>	<u>\$ 3,958,172</u>

The dependence upon general cash receipts for governmental activities is apparent; with 83.29% of cash disbursements supported through taxes and other general cash receipts during 2005.

**Governmental Activities - General and Program Cash Receipts**



**Business-Type Activities**

The sewage disposal fund, sewage disposal sinking fund and the sewage disposal capital projects fund are the City's business-type activities. These programs had cash receipts of \$3,009,776 and cash disbursements of \$2,934,621 for fiscal year 2005. The net cash assets of the programs increased \$75,155 from 2004.

**CITY OF STRUTHERS, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The City's governmental funds are accounted for using the modified cash basis of accounting.

The City's governmental funds reported a combined fund cash balance of \$909,202, which is \$299,715 above last year's total of \$609,487. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005 and December 31, 2004, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2005</u>	<u>Fund Cash Balance</u> <u>December 31, 2004</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 337,002	\$ 84,519	\$ 252,483
Revolving loan	324,102	312,409	11,693
Other Nonmajor Governmental Funds	<u>248,098</u>	<u>212,559</u>	<u>35,539</u>
Total	<u>\$ 909,202</u>	<u>\$ 609,487</u>	<u>\$ 299,715</u>

**General Fund**

The general fund, the City's largest major fund, had cash receipts and cash disbursements of \$3,837,545 and \$3,472,998, respectively, in 2005. These amounts exclude other financing receipts and disbursements, which consisted of sale of notes for \$105,000 and transfers out in the amount of \$217,064 in 2005. The general fund's cash balance increased \$252,483 from 2004 to 2005.

The table that follows assists in illustrating the cash receipts of the general fund. Certain amounts for 2004 have been reclassified to conform to 2005 presentation.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Increase</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>				
Taxes	\$ 2,949,489	\$ 2,791,000	\$ 158,489	5.68%
Intergovernmental	335,245	308,016	27,229	8.84%
Charges for services	25,333	24,204	1,129	4.66%
License, permits and fees	330,335	345,636	(15,301)	(4.43)%
Investment income	10,817	2,883	7,934	275.20%
Miscellaneous	<u>186,326</u>	<u>325,065</u>	<u>(138,739)</u>	<u>(42.68)%</u>
Total	<u>\$ 3,837,545</u>	<u>\$ 3,796,804</u>	<u>\$ 40,741</u>	1.07%

**CITY OF STRUTHERS, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Taxes increased due to an increase in income taxes received by the City. Investment income increased due to increased interest rate on investments. Miscellaneous receipts decreased as the City had fewer other financing receipts in 2005 than in 2004. All other 2005 receipts remained consistent with 2004. .

The table that follows assists in illustrating the cash disbursements of the general fund.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Increase/</u> <u>Decrease</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>				
General government	\$ 1,564,737	\$ 1,887,720	\$ (322,983)	(17.11) %
Security of persons and property	1,454,498	1,698,784	(244,286)	(14.38) %
Public health service	72,700	80,993	(8,293)	(10.24) %
Leisure time activity	49,903	65,672	(15,769)	(24.01) %
Capital outlay	208,731	-	208,731	100.00 %
Debt service				
Principal retirement	120,000	145,000	(25,000)	(17.24) %
Interest and fiscal charges	<u>2,429</u>	<u>2,950</u>	<u>(521)</u>	(17.66) %
Total	<u>\$ 3,472,998</u>	<u>\$ 3,881,119</u>	<u>\$ (408,121)</u>	(10.52) %

Expenditures decreased as the City continued conservatively monitor disbursements. Certain capital outlay items previously recorded as functional expenditures in 2004 have been recorded as capital outlay in 2005. In addition, the City has retired a previously issued bond anticipation note in the amount of \$120,000 in 2005.

***Revolving Loan Fund***

The revolving loan fund, a City major fund, had cash receipts of \$118,089 in 2005. The revolving loan fund had cash disbursements of \$99,396 in 2005. The revolving loan fund cash balance increased \$11,693 from 2004 to 2005.

***Budgeting Highlights - General Fund***

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

For 2005, final budget basis receipts and other financing receipts for the general fund were the same as the original budget estimates of \$3,590,823. Actual cash receipts and other financing receipts of \$3,942,545 were more than final budget estimates by \$351,722. The final budgetary basis disbursements and other financing disbursements were \$3,613,697 and the original budget estimates and other financing disbursements were \$3,629,237. The actual budgetary basis disbursements and other financing disbursements of \$3,748,438 were \$134,741 more than the final budget estimates.

**CITY OF STRUTHERS, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

***Enterprise Funds***

The City's governmental funds are accounted for using the modified cash basis of accounting.

The City's enterprise funds reported a combined net cash assets of \$805,624, which is \$75,155 above last year's total of \$730,469.

The schedule below indicates the net cash assets and the total change in net cash assets as of December 31, 2005 and December 31, 2004, for all major and nonmajor enterprise funds:

	<u>Fund Cash Balance December 31, 2005</u>	<u>Fund Cash Balance December 31, 2004</u>	<u>Increase/ (Decrease)</u>
Major Funds:			
Sewage Disposal	\$ 147,414	\$ 139,698	\$ 7,716
Sewage Disposal Sinking	631,984	590,771	41,213
Nonmajor Fund:			
SDO Capital Projects	<u>26,226</u>	<u>-</u>	<u>26,226</u>
Total	<u>\$ 805,624</u>	<u>\$ 730,469</u>	<u>\$ 75,155</u>

***Sewage Disposal Fund***

The sewage disposal fund, a City major fund, had operating cash receipts of \$907,879 and operating cash disbursements of \$2,458,518 during 2005. The sewage disposal fund had \$1,595,305 in nonoperating cash receipts and \$36,950 in nonoperating cash disbursements during 2005. The sewage disposal fund's net cash assets increased \$7,716 during 2005 from \$139,698 to \$147,414.

***Sewage Disposal Sinking Fund***

The sewage disposal sinking fund, a City major fund, had operating cash receipts of \$351,373 and no operating cash disbursements during 2005. The sewage disposal sinking fund had \$7,048 in nonoperating cash receipts and \$317,208 in nonoperating disbursements. The sewage disposal fund's net cash assets increased \$41,213 during 2005 from \$590,771 to \$631,984.

***SDO Capital Projects Fund***

The SDO capital projects fund, a City non-major fund, had operating cash disbursements of \$121,945 during 2005. The sewage disposal sinking fund had \$148,171 in nonoperating cash receipts. The SDO capital projects fund's net cash assets were \$26,226 during 2005.

**Capital Assets and Debt Administration**

***Capital Assets***

The City does not record capital assets in the accompanying modified cash basis basic financial statements, but records payments for capital assets as disbursements. The City had capital outlay disbursements of \$650,496 (both governmental activities and business-type activities) during fiscal year 2005.



## **CITY OF STRUTHERS, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005**

#### ***Debt Administration***

The City does not record debt obligations in the accompanying modified cash basis basic financial statements, but records payments for principal and interest as disbursements and proceeds from issuances as receipts.

In the governmental activities, the City had a bond anticipation note outstanding at December 31, 2005 in the amount of \$105,000. This note bears an interest rate of 3.19% and matures in 2006. The City retired a previously issued bond anticipation note in 2005 in the amount of \$120,000.

In the business-type activities, the City has OWDA loans and an OPWC loan outstanding at December 31, 2005. These loans are being repaid from resources of the enterprise operations. Principal payments in 2005 were \$313,362 related to these obligations.

See Note 6 to the basic financial statements for more detail on the City's debt obligations outstanding.

#### **Economic Factors and Next Year's Budgets and Rates**

The following economic factors were taken into consideration in preparing the budget for fiscal year 2006:

The City is located in Mahoning County, Ohio, which has an unemployment rate currently of 6.8 %, compared to the 5.9% state average and the 5.1% national average.

These economic factors were considered in preparing the City's budget for fiscal year 2006. Budgeted revenues and other financing sources in the general fund for fiscal year 2006 are \$3,662,325. The City has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Tina Morell, Auditor, City of Struthers, 6 Elm Street, Struthers, Ohio 44471

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**CITY OF STRUTHERS, OHIO**

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 909,202	\$ 173,640	\$ 1,082,842
Cash and cash equivalents with fiscal/escrow agents . . . . .	-	631,984	631,984
<b>Total assets.</b> . . . . .	<u>909,202</u>	<u>805,624</u>	<u>1,714,826</u>
<b>Net cash assets:</b>			
Restricted for:			
Transportation projects . . . . .	62,151	-	62,151
Public health services . . . . .	15,055	-	15,055
Leisure time activities. . . . .	28,746	-	28,746
General government operations . . . . .	95,287	-	95,287
Security of persons and property programs . . . . .	22,519	-	22,519
Revolving loan program . . . . .	324,102	-	324,102
Community environment projects. . . . .	15,408	-	15,408
Debt service. . . . .	11,818	631,984	643,802
Other purposes . . . . .	1,389	-	1,389
Unrestricted . . . . .	<u>332,727</u>	<u>173,640</u>	<u>506,367</u>
<b>Total net cash assets</b> . . . . .	<u>\$ 909,202</u>	<u>\$ 805,624</u>	<u>\$ 1,714,826</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF STRUTHERS, OHIO**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>Program Cash Receipts</b>		
	<b>Cash Disbursements</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>Governmental activities:</b>			
Current:			
General government . . . . .	\$ 1,666,826	\$ 189,507	\$ 42,136
Security of persons and property. . . . .	1,709,113	188,968	17,126
Transportation. . . . .	440,737	1,018	406,552
Public health services . . . . .	112,508	38,356	21,751
Leisure time activities . . . . .	53,653	16,575	-
Community environment . . . . .	59,418	-	-
Miscellaneous . . . . .	101,601	125,638	-
Capital outlay. . . . .	208,731	-	-
Debt service:			
Principal retirement. . . . .	120,000	-	-
Interest and fiscal charges . . . . .	2,429	-	-
<b>Total governmental activities . . . . .</b>	<b>4,475,016</b>	<b>560,062</b>	<b>487,565</b>
<b>Business-Type activities:</b>			
Sewage disposal . . . . .	2,495,468	897,104	1,595,305
Sewage disposal sinking. . . . .	317,208	351,373	-
SDO capital projects . . . . .	121,945	-	148,171
<b>Total business-type activities . . . . .</b>	<b>2,934,621</b>	<b>1,248,477</b>	<b>1,743,476</b>
<b>Totals . . . . .</b>	<b>\$ 7,409,637</b>	<b>\$ 1,808,539</b>	<b>\$ 2,231,041</b>

**General Cash Receipts:**

Property and income taxes for:
General purposes . . . . .
Road and bridge improvements . . . . .
Police disability and pensions . . . . .
Fire disability and pensions . . . . .
Grants and entitlements not restricted to specific programs. . . . .
Sale of notes . . . . .
Investment receipts . . . . .
Miscellaneous . . . . .
<b>Total general cash receipts. . . . .</b>
<b>Change in net cash assets . . . . .</b>
<b>Net cash assets at beginning of year. . . . .</b>
<b>Net cash assets at end of year . . . . .</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (1,435,183)	\$ -	\$ (1,435,183)
(1,503,019)	-	(1,503,019)
(33,167)	-	(33,167)
(52,401)	-	(52,401)
(37,078)	-	(37,078)
(59,418)	-	(59,418)
24,037	-	24,037
(208,731)	-	(208,731)
(120,000)	-	(120,000)
(2,429)	-	(2,429)
(3,427,389)	-	(3,427,389)
-	(3,059)	(3,059)
-	34,165	34,165
-	26,226	26,226
-	57,332	57,332
(3,427,389)	57,332	(3,370,057)
2,949,489	-	2,949,489
73,150	-	73,150
33,508	-	33,508
33,508	-	33,508
335,245	-	335,245
105,000	-	105,000
10,878	7,048	17,926
186,326	10,775	197,101
3,727,104	17,823	3,744,927
299,715	75,155	374,870
609,487	730,469	1,339,956
\$ 909,202	\$ 805,624	\$ 1,714,826

**CITY OF STRUTHERS, OHIO**

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	<u>General</u>	<u>Revolving Loan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 337,002	\$ 324,102	\$ 248,098	\$ 909,202
Total assets . . . . .	<u>\$ 337,002</u>	<u>\$ 324,102</u>	<u>\$ 248,098</u>	<u>\$ 909,202</u>
<b>Fund cash balances:</b>				
Reserved for encumbrances. . . . .	\$ 58,376	\$ -	\$ 4,099	\$ 62,475
Unreserved, undesignated, reported in:				
General fund. . . . .	278,626	-	-	278,626
Special revenue funds . . . . .	-	324,102	232,181	556,283
Debt service funds. . . . .	-	-	11,818	11,818
Total fund cash balances . . . . .	<u>\$ 337,002</u>	<u>\$ 324,102</u>	<u>\$ 248,098</u>	<u>\$ 909,202</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF STRUTHERS, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN MODIFIED  
CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>General</b>	<b>Revolving Loan</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Cash receipts:</b>				
Taxes . . . . .	\$ 2,949,489	\$ -	\$ 140,166	\$ 3,089,655
Intergovernmental . . . . .	335,245	-	481,016	816,261
Charges for services . . . . .	25,333	-	58,026	83,359
License, permits and fees . . . . .	330,335	-	32,271	362,606
Interest . . . . .	10,817	-	1,967	12,784
Miscellaneous . . . . .	186,326	111,089	7,651	305,066
Total cash receipts . . . . .	<u>3,837,545</u>	<u>111,089</u>	<u>721,097</u>	<u>4,669,731</u>
<b>Cash disbursements:</b>				
Current:				
General government . . . . .	1,564,737	-	102,089	1,666,826
Security of persons and property . . . . .	1,454,498	-	254,615	1,709,113
Transportation . . . . .	-	-	440,737	440,737
Public health services . . . . .	72,700	-	39,808	112,508
Community environment . . . . .	-	-	59,418	59,418
Leisure time activities . . . . .	49,903	-	3,750	53,653
Miscellaneous . . . . .	-	99,396	2,205	101,601
Capital outlay . . . . .	208,731	-	-	208,731
Debt service:				
Principal retirement . . . . .	120,000	-	-	120,000
Interest and fiscal charges . . . . .	2,429	-	-	2,429
Total cash disbursements . . . . .	<u>3,472,998</u>	<u>99,396</u>	<u>902,622</u>	<u>4,475,016</u>
Excess (deficiency) of cash receipts over (under) cash disbursements . . . . .	<u>364,547</u>	<u>11,693</u>	<u>(181,525)</u>	<u>194,715</u>
<b>Other financing receipts (disbursements):</b>				
Sale of notes . . . . .	105,000	-	-	105,000
Transfers in . . . . .	-	-	217,064	217,064
Transfers out . . . . .	(217,064)	-	-	(217,064)
Total other financing receipts (disbursements) . . . . .	<u>(112,064)</u>	<u>-</u>	<u>217,064</u>	<u>105,000</u>
Net change in fund cash balances . . . . .	252,483	11,693	35,539	299,715
<b>Fund cash balances</b>				
<b>at beginning of year . . . . .</b>	84,519	312,409	212,559	609,487
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 337,002</u>	<u>\$ 324,102</u>	<u>\$ 248,098</u>	<u>\$ 909,202</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF STRUTHERS, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 2,759,862	\$ 2,759,862	\$ 2,949,489	\$ 189,627
Intergovernmental . . . . .	313,692	313,692	335,245	21,553
Charges for services . . . . .	23,704	23,704	25,333	1,629
License, permits and fees . . . . .	309,097	309,097	330,335	21,238
Interest . . . . .	10,122	10,122	10,817	695
Miscellaneous . . . . .	174,346	174,346	186,326	11,980
Total budgetary basis receipts . . . . .	<u>3,590,823</u>	<u>3,590,823</u>	<u>3,837,545</u>	<u>246,722</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	1,690,575	1,656,785	1,615,487	41,298
Security of persons and property . . . . .	1,366,960	1,398,845	1,462,124	(63,279)
Public health services . . . . .	52,416	52,863	72,700	(19,837)
Leisure time activities . . . . .	54,824	50,924	49,903	1,021
Capital outlay . . . . .	200,300	212,800	208,731	4,069
Debt service:				
Principal retirement . . . . .	-	-	120,000	(120,000)
Interest and fiscal charges . . . . .	-	-	2,429	(2,429)
Total budgetary basis disbursements . . . . .	<u>3,365,075</u>	<u>3,372,217</u>	<u>3,531,374</u>	<u>(159,157)</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>225,748</u>	<u>218,606</u>	<u>306,171</u>	<u>87,565</u>
<b>Other financing receipts (disbursements):</b>				
Sale of notes . . . . .	-	-	105,000	105,000
Transfers out . . . . .	(264,162)	(241,480)	(217,064)	24,416
Total other financing receipts (disbursements) . . . . .	<u>(264,162)</u>	<u>(241,480)</u>	<u>(112,064)</u>	<u>129,416</u>
Net change in fund cash balance . . . . .	(38,414)	(22,874)	194,107	216,981
<b>Fund cash balance at beginning of year (restated) . . . . .</b>	38,414	38,414	38,414	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>46,105</u>	<u>46,105</u>	<u>46,105</u>	<u>-</u>
<b>Fund cash balance at end of year . . . . .</b>	<u>\$ 46,105</u>	<u>\$ 61,645</u>	<u>\$ 278,626</u>	<u>\$ 216,981</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF STRUTHERS, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
REVOLVING LOAN FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Miscellaneous . . . . .	\$ -	\$ -	\$ 111,089	\$ 111,089
Total budgetary basis receipts . . . . .	<u>-</u>	<u>-</u>	<u>111,089</u>	<u>111,089</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Miscellaneous . . . . .	-	-	99,396	(99,396)
Total budgetary basis disbursements. . . . .	<u>-</u>	<u>-</u>	<u>99,396</u>	<u>(99,396)</u>
Net change in fund cash balance . . . . .	-	-	11,693	11,693
<b>Fund cash balance at beginning of year . . . . .</b>	<u>-</u>	<u>-</u>	<u>312,409</u>	<u>312,409</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,102</u>	<u>\$ 324,102</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF STRUTHERS, OHIO**

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
 ENTERPRISE FUNDS  
 DECEMBER 31, 2005

	<b>Business-type Activities -Enterprise Funds</b>			
	<b>Sewage Disposal</b>	<b>Sewage Disposal Sinking Fund</b>	<b>Nonmajor Enterprise</b>	<b>Total</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 147,414	\$ -	\$ 26,226	\$ 173,640
Cash and cash equivalents with fiscal/escrow agents . . . . .	-	631,984	-	631,984
<b>Total assets.</b> . . . . .	<u>147,414</u>	<u>631,984</u>	<u>26,226</u>	<u>805,624</u>
<b>Net assets:</b>				
Restricted for debt service . . . . .	-	631,984	-	631,984
Unrestricted . . . . .	147,414	-	26,226	173,640
<b>Total net cash assets.</b> . . . . .	<u>\$ 147,414</u>	<u>\$ 631,984</u>	<u>\$ 26,226</u>	<u>\$ 805,624</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF STRUTHERS, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
NET CASH ASSETS - MODIFIED CASH BASIS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewage Disposal</b>	<b>Sewage Disposal Sinking Fund</b>	<b>Nonmajor Enterprise</b>	<b>Total</b>
<b>Operating receipts:</b>				
Charges for services . . . . .	\$ 552,037	\$ 351,373	\$ -	\$ 903,410
Tap-in fees . . . . .	345,067	-	-	345,067
Other . . . . .	10,775	-	-	10,775
<b>Total operating receipts . . . . .</b>	<b>907,879</b>	<b>351,373</b>	<b>-</b>	<b>1,259,252</b>
<b>Operating disbursements:</b>				
Personal services . . . . .	1,205,949	-	-	1,205,949
Materials and supplies . . . . .	932,749	-	-	932,749
Capital outlay . . . . .	319,820	-	121,945	441,765
<b>Total operating disbursements . . . . .</b>	<b>2,458,518</b>	<b>-</b>	<b>121,945</b>	<b>2,580,463</b>
<b>Operating income (loss) . . . . .</b>	<b>(1,550,639)</b>	<b>351,373</b>	<b>(121,945)</b>	<b>(1,321,211)</b>
<b>Nonoperating receipts (disbursements)</b>				
Interest revenue . . . . .	-	7,048	-	7,048
Grants . . . . .	1,595,305	-	148,171	1,743,476
Principal retirement . . . . .	(36,950)	(276,412)	-	(313,362)
Interest expense and fiscal charges . . . . .	-	(40,796)	-	(40,796)
<b>Total nonoperating receipts (disbursements) . . . . .</b>	<b>1,558,355</b>	<b>(310,160)</b>	<b>148,171</b>	<b>1,396,366</b>
<b>Changes in net assets . . . . .</b>	<b>7,716</b>	<b>41,213</b>	<b>26,226</b>	<b>75,155</b>
<b>Net cash assets at beginning of year . . . . .</b>	<b>139,698</b>	<b>590,771</b>	<b>-</b>	<b>730,469</b>
<b>Net cash assets at end of year . . . . .</b>	<b>\$ 147,414</b>	<b>\$ 631,984</b>	<b>\$ 26,226</b>	<b>\$ 805,624</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF STRUTHERS, OHIO**

**STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
AGENCY FUND  
DECEMBER 31, 2005**

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 106,850
Total assets. . . . .	<u>106,850</u>
<b>Net cash assets:</b>	
Unrestricted . . . . .	<u>106,850</u>
Total net cash assets . . . . .	<u>\$ 106,850</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF STRUTHERS, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The City of Struthers (the City) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City operates under a Council-Mayor form of government and provides the following services: Public safety, public service, health, recreation and development. Educational services are provided by the Struthers City School District. The School District is a separate governmental entity and its financial statements are not included in these financial statements.

The City's management believes the financial statements included in this report represent all of the funds over which City officials have the ability to exercise direct operating control.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.D, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these modified cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the City's accounting policies:

**A. Reporting Entity**

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. Based upon the application of these criteria, the City has no component units.

**B. Basis of Presentation**

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

*Government-wide Statement of Activities – Modified Cash Basis* - This statement displays information about the City as a whole, except for fiduciary funds. The statement distinguishes between those activities of the City that are governmental and those that are considered business-type activities.

**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The government-wide statement of activities – modified cash basis compares disbursements with program receipts for each segment of the business-type activities of the City and for each function or program of the City’s governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the City. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the City.

*Fund Financial Statements* - Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operation. The principal operating transactions of the City’s proprietary funds are charges for sales and services, and include personnel and other disbursements related to sewer operation. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**C. Fund Accounting**

The City uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The City classifies each fund as either governmental, proprietary or fiduciary.

**Governmental Funds** - The City classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the City’s major governmental funds:

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

*Revolving Loan Fund* - The Revolving Loan Fund accounts for resources accumulated through the repayment of CDBG Revolving Loans.

Other governmental funds of the City are used to account for grants and other receipts whose use is restricted to a particular purpose.

**CITY OF STRUTHERS, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Proprietary Funds*** - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the City's major enterprise funds:

*Sewage Disposal Fund* - The sewage disposal fund accounts for sewer services to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

*Sewage Disposal Operating-Sinking Fund* - The sewage disposal operating-sinking fund accounts for the repayment of debt obligations related to the City's sewage disposal operations.

The City's non-major enterprise fund accounts for sewer capital projects financed by intergovernmental receipts or loan proceeds.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City only utilizes the agency funds. The agency funds account for the sewer amounts collected and paid to Mahoning County and amounts collected by the municipal court that are paid to other governments.

**D. Basis of Accounting**

The City's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the City are described in the appropriate section of the notes to the basic financial statements.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

**CITY OF STRUTHERS, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the City Council may appropriate. The appropriations ordinance is the City Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the City Council. The legal level of control has been established by the City Council at the object level for all funds. Any budgetary modifications at this level may only be made by ordinance of the City Council.

The certificate of estimated resources may be amended during the year if the City Finance Director projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate of estimated resources when the City Council adopted the original appropriations. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations ordinance were passed by City Council.

The City Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation ordinance the City Council passed during the year.

**F. Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. Interest earnings are allocated as authorized by State statute.

During 2005, the City's investments were limited to no-loan money market mutual funds and a repurchase agreement. Investments are reported at cost.

Investment procedures are restricted by provisions of the Ohio Revised Code. Interest receipts credited to the general fund during 2005 were \$10,817 which includes \$6,990 assigned from other City funds.



**CITY OF STRUTHERS, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The City has segregated bank accounts for monies held in escrow for the repayment of sewage bonds. This account is held separate from the City's central bank account. These depository accounts are presented on the financial statements as "cash and cash equivalents with fiscal/escrow agents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**G. Capital Assets**

Acquisition of property, plant and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**H. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the City (See Note 2.D.).

**I. Long-term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the modified cash basis of accounting. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid.

**J. Net Cash Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net cash assets are available.

**K. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

**CITY OF STRUTHERS, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Employer Contributions to Cost-Sharing Pension Plans**

The City recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**M. Inventory and Prepaid Items**

The City reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**N. Interfund Receivables/Payables**

The City reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**O. Fund Cash Balance Reserves**

The City reserves any portion of fund cash balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund cash balance indicates that portion of fund balance which is available for appropriation in future periods. A fund cash balance reserve has been established for encumbrances.

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.

**NOTE 3 – ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

For fiscal year 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits. The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the City; however, certain cash and investment disclosures have been modified in Note 4 to comply with the statement.

## CITY OF STRUTHERS, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

#### NOTE 3 – ACCOUNTABILITY AND COMPLIANCE – (Continued)

##### B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, nets assets/fund balances and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

##### C. Prior Period Adjustment

The fund cash balance as reported in the statement of cash receipts, cash disbursements and changes in fund cash balance – budget and actual (budgetary basis) – general fund has been restated to properly report the unencumbered cash balance of the general fund at December 31, 2004. The fund cash balance as previously reported has been restated by \$155,804 from \$194,218 to \$38,414 at December 31, 2004.

#### NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City 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 City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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;

**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;
7. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this state, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City 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.

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 City, 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.

**A. Cash with Fiscal/Escrow Agent**

At year-end, the City had \$631,984 held by a fiscal/escrow agent for the sewage disposal sinking fund. This account is held separate from the City's central bank account. This depository account is presented on the financial statements as "cash and cash equivalents with fiscal/escrow agents" and is included in the amount of deposits with financial institutions below.

**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Deposits with Financial Institutions**

At December 31, 2005, the carrying amount of all City deposits was \$833,574 exclusive of the \$664,000 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2005, \$611,590 of the City’s bank balance of \$887,748 was exposed to custodial risk as discussed below, while \$276,158 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the City’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions’ trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**C. Investments**

As of December 31, 2005, the City had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Carrying Value</u>	<u>Investment Maturities 6 months or less</u>
No-Load Money Market		
Mutual Funds	\$ 324,102	\$ 324,102
Repurchase Agreement	<u>664,000</u>	<u>664,000</u>
	<u>\$ 988,102</u>	<u>\$ 988,102</u>

The weighted average maturity of investments is one day.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City’s investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The federal agency securities that underlie the City’s repurchase agreement and no-load money market mutual funds, were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively.

**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the City. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2005:

<u>Investment type</u>	<u>Balance at Carrying Value</u>	<u>% of Total</u>
No-Load Money Market		
Mutual Funds	\$ 324,102	32.80
Repurchase Agreement	<u>664,000</u>	<u>67.20</u>
	<u>\$ 988,102</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2005:

<u>Cash and investments per note above</u>	
Carrying amount of deposits	\$ 833,574
Investments	<u>988,102</u>
Total	<u>\$ 1,821,676</u>

<u>Cash and investments per statement of net assets - cash basis</u>	
Governmental activities	\$ 909,202
Business-type activities	805,624
Agency funds	<u>106,850</u>
Total	<u>\$ 1,821,676</u>

**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 5 - LESSEE DISCLOSURE - LEASES**

The City has existing leases for a vactor/sewer cleaner mounted on a sterling chassis and a copier machines. Principal and interest payments in the 2005 fiscal year totaled \$9,819 and \$7,700, respectively. Future lease payments are as follows:

<u>Year Ending December 31</u>	<u>Payment</u>
2006	\$ 21,132
2007	* 136,937
2008	5,146
2009	5,146
2010	<u>3,613</u>
Total minimum lease payments	171,974
Less: amount representing interest	<u>(16,591)</u>
Present value of future minimum lease payments	<u><u>\$155,383</u></u>

\* - The lease for the vactor/sewer cleaner mounted on a sterling chassis calls for a ballon payment of \$115,805 in 2007.

**NOTE 6 - DEBT OBLIGATIONS**

At December 31, 2005, debt obligations consisted of the following issuances:

Ohio Public Works Commission Loans (OPWC):	
Principal outstanding	\$454,342
Interest rate	0%
Ohio Water Developmenet Authority Loans (OWDA):	
Principal outstanding	\$ 648,977
Interest rate	2.0 - 10.84%
<u>Debt service fund:</u>	
Bond Anticipation Notes:	
Principal outstanding	\$ 105,000
Interest rate	3.19%

**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

Transactions for the year ended December 31, 2005, are summarized as follows.

	Balance 12/31/04	Proceeds	Payments	Balance 12/31/05	Amounts Due in One Year
<u>Governmental activities:</u>					
Bond anticipation notes	120,000	105,000	(120,000)	105,000	105,000
Total governmental activities	120,000	105,000	(120,000)	105,000	105,000
<u>Business-type activities:</u>					
OPWC loan	491,292	-	(36,950)	454,342	36,950
OWDA loans	925,389	-	(276,412)	648,977	324,910
Total business-type activities	1,416,681	-	(313,362)	1,103,319	361,860
Grand total	\$ 1,536,681	\$ 105,000	\$ (433,362)	\$ 1,208,319	\$ 466,860

The bond anticipation notes for street resurfacing and fire truck purchase are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City. The note debt issued during 2005 was \$105,000 and is due March 23, 2006.

The OPWC loan is for Wastewater Treatment Plant improvements. The following is the future debt service requirements to retire the City's OPWC loan:

Year Ending December 31,	OPWC Loan		
	Principal	Interest	Total
2006	\$ 36,950	\$ -	\$ 36,950
2007	36,950	-	36,950
2008	36,950	-	36,950
2009	36,950	-	36,950
2010	36,950	-	36,950
2011 - 2015	184,750	-	184,750
2016 - 2018	84,842	-	84,842
Totals	\$ 454,342	\$ -	\$ 454,342



**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

The City has three OWDA loans for Wastewater Treatment Plan improvements and construction and rehabilitation to sanitary sewers. Revenue of the utility facilities have been pledged to repay these debts. Should the utility facilities have insufficient revenues to repay these obligations, they are secured by the full faith, credit and resources of the City. The OWDA loan for septage handling phase 2 was not closed as of year-end and is not presented in the future debt schedules below. The principal balance of this OWDA loan is \$46,223 at December 31, 2005. The following is the future debt service requirements to retire the City's OWDA loans:

Year Ending December 31,	OWDA Loans		
	Principal	Interest	Total
2006	\$ 324,910	\$ 30,148	\$ 355,058
2007	12,964	5,492	18,456
2008	13,225	5,232	18,457
2009	13,491	4,966	18,457
2010	13,762	4,695	18,457
2011 - 2015	73,073	19,211	92,284
2016 - 2020	80,717	11,568	92,285
2021 - 2024	70,612	3,214	73,826
Totals	<u>\$ 602,754</u>	<u>\$ 84,526</u>	<u>\$ 687,280</u>

**NOTE 7 - PROPERTY TAX**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenues received during 2005 for real and public utility property taxes represents collections of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values are established by State law at 35% of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005 and collected in 2006 real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventories.

**CITY OF STRUTHERS, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 7 - PROPERTY TAX - (Continued)**

The full tax rate for all City operations for the year ended December 31, 2005 was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real property	
Residential/agricultural	\$ 81,411,610
Other real estate	12,047,650
Public utility real and personal property	6,791,660
Tangible personal property	<u>9,192,574</u>
Total	<u>\$ 109,443,494</u>

Real property taxes are payable annually and semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Struthers. The County Auditor periodically remits to the City its portion of the taxes collected.

**NOTE 8 - LOCAL INCOME TAX**

The City levies and collects an income tax of 2 percent on all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2005, the proceeds were allocated to the general fund.

**NOTE 9 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

## CITY OF STRUTHERS, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

#### NOTE 9 - PENSION PLANS - (Continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The City's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions to OPERS for the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$250,187, \$248,233, and \$283,818, respectively; 92.32% has been contributed for 2005, and 100% for 2004 and 2003. The City contributed \$191 to the member-directed plan for 2005.

#### **B. Ohio Police and Fire Pension Fund**

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.0% for police officers and firefighters, respectively. The portion of the City's contribution fund pension obligations was 11.75% and 16.25% for police officers and firefighters, respectively. The City's contributions to OP&F for police and firefighters were \$131,552 and \$103,699 for the year ended December 31, 2005, \$139,469 and \$98,485 for the year ended December 31, 2004 and \$139,691 and \$102,632 for the year ended December 31, 2003. The full amount has been contributed for 2004 and 2003. 76.66% for police and 75.20% for firefighters has been contributed for 2005.

## CITY OF STRUTHERS, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

#### NOTE 10 - POSTRETIREMENT BENEFIT PLANS

##### A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 1.00% and 6.00% annually for the next eight years and 4.00% annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109 as of December 31, 2005. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$73,856. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS's health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 10 - POSTRETIREMENT BENEFIT PLANS – (Continued)**

**B. Ohio Police and Fire Pension Fund**

The OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2004 and 2005. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

For 2005, the amount of employer contributions used to pay postemployment benefits for police and firefighters were \$52,283 and \$33,486, respectively. The number of participants eligible to receive health care benefits as of December 31, 2005 was 13,922 for police and 10,537 for firefighters. OP&F's total health care expense for the year ending December 31, 2005, was \$108.039 million, which was net of member contributions of \$55.272 million.

**NOTE 11 - RISK MANAGEMENT**

**A. Employee Medical, Dental and Vision Coverage**

The City manages employee medical, dental and vision benefits on a fully insured basis. The risk of loss transfers to the insurance company upon payment of the premiums. The City provides employee medical, dental and vision benefits through Anthem Blue Cross/Blue Shield. Medical premiums were \$898.17 per month for family coverage and \$367.78 per month for single coverage. Dental premiums were \$60.97 per month for family coverage and \$21.77 per month for single coverage. Vision premiums were \$13.51 per month for family coverage and \$5.42 per month for single coverage. Employees are required to pay \$50 of the premium each month and the City pays the remainder.

**B. Workers' Compensation**

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

**CITY OF STRUTHERS, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

**NOTE 11 - RISK MANAGEMENT – (Continued)**

**C. Comprehensive**

The City is exposed to various risks of loss to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During 2005, the City obtained insurance through the Ohio Plan for various types of insurance coverage. The coverage limits in effect at December 31, 2005 follows:

	<u>Coverage</u>	<u>Deductible</u>
Inland Marine:		\$1,000
Miscellaneous Property	10,000	
Fire/Rescue Equipment	40,000	
Scheduled Equipment	1,118,178	
Terrorism:		5,000
Each occurrence	2,000,000	
Aggregate	8,000,000	
Property	30,496,132	1,000
Boiler	30,396,132	1,000
Electronic Data Processing:		500
Hardware	50,000	
Software	10,000	
General Liability:		0
Each Occurrence	1,000,000	
Personal & Advertising	1,000,000	
General Aggregate	3,000,000	
Medical Expense per Person	10,000	
Medical Expense Annual Aggregate	50,000	
Employer's Liability	1,000,000	
Public Officials Liability:		5,000
Each Wrongful Act	1,000,000	
Aggregate	3,000,000	
Law Enforcement Liability:		5,000
Each Wrongful Act	1,000,000	
Aggregate	3,000,000	
Fleet:		
Comprehensive	1,000,000	500
Collision	1,000,000	500

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

**CITY OF STRUTHERS, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 12 - CONTINGENCIES**

**A. Grants**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**B. Litigation**

The City is not currently involved in litigation for which the City's legal counsel anticipates a loss.

**NOTE 13 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2005, consisted of the following, as reported in the fund financial statements:

<u>Transfer to</u>	<u>Transfer from</u>
	<u>General</u>
Nonmajor governmental funds:	
Solid waste fund	\$ 12,064
Juvenile diversion fund	18,000
Police pension fund	99,000
Fire pension fund	69,000
Street construction maintenance and repair fund	7,000
Elderly van fund	<u>12,000</u>
Total	<u>\$ 217,064</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide statement of activities – modified cash basis.

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# Mary Taylor, CPA

Auditor of State

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

City of Struthers  
Mahoning County  
6 Elm Street  
Struthers, Ohio 44471

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Struthers (the City) as of and for the years ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2008. We noted the City uses a comprehensive accounting basis other than generally accepted accounting principles. Except for a restriction on the scope of our audit related to charges for services reported in business type activities, and the Sewage Disposal and Sewage Disposal Sinking Funds, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2005-002 through 2005-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiencies described above, findings 2005-002 through 2005-004, are also material weaknesses.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated December 31, 2008.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001, 2005-002 and 2005-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated December 31, 2008.

We intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 31, 2008

CITY OF STRUTHERS  
MAHONING COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2005

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

Finding Number	2005-001
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**Noncompliance Citation – Filing GAAP Financial Statements**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code Section 117-2-03 (B) requires the City to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). For 2005, the City prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The City can be fined up to a maximum of \$750 per Ohio Rev. Code 117.38 and various other administrative remedies may be taken against the City.

Since the City did not report on GAAP as required, no GAAP conversion was performed and GAAP amounts are not available.

We recommend the City convert their reporting to the required basis to bring the City in compliance with the requirements.

**Officials' Response:** The City is aware of this noncompliance issue and has taken it into consideration.

Finding Number	2005-002
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**Noncompliance Citation / Material Weakness – Issue 2 Funds**

Ohio Revised Code Section 5705.09(F) requires that a subdivision establish a special fund for each class of revenue derived from a source, other than general property tax, which the law requires to be used for a particular purpose. Furthermore, Auditor of State Bulletin 2002-004 clarifies the application of section 5705.09 to Issue 2 projects, and notes that City Council should establish, by resolution, a separate Capital Projects Fund to account for each Issue 2 project funded from the Ohio Public Works Commission. Additionally, Ohio Revised Code Section 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

The City of Struthers did not establish the required Capital Projects (Issue 2) Funds in accordance with Ohio Revised Code § 5705.09(F). Consequently, the City violated Ohio Revised Code Section 5705.41(B) when it failed to appropriate the related monies.

We recommend that the City establish a separate Capital Projects Fund for each Issue 2 project in order to account for the related receipts and disbursements to the extent the local government has received a benefit from each project and budget for these monies accordingly. (The financial statements and accounting records include the proper adjustments to reflect the Issue 2 project activity within the Capital Projects Fund.)

**Officials' Response:** The City is working on correcting this.

<b>Finding Number</b>	2005-003
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**Noncompliance Citation / Material Weakness – Accounting for Revolving Loan Fund**

Ohio Revised Code § 733.46 provides the treasurer of a municipal corporation shall receive and disburse all funds of the municipal corporation and such other funds as arise in or belong to any department or part of the municipal corporation.

The City of Struthers has a revolving loan fund through Community Development Block Grant (CDBG) funds. While all expenditures are authorized by City Council through the passage of an ordinance, the actual financial activity is handled by National City Bank Private Group, a division of National City Bank (NCB). National City Bank Private Group receipts the revolving loan monies in and expends the monies, as authorized by City. This is not accordance with the above-mentioned code section.

We recommend the City include the Revolving Loan Fund on their books, including all receipts and disbursements. All checks written from this fund should be written by the City. We also recommend the City budget for this fund as required by Ohio Revised Code Section 5705. (The financial statements and accounting records include the proper adjustments to reflect the CDBG activity.)

**Officials' Response:** This was addressed by the City in 2009.

<b>Finding Number</b>	2005-004
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**Material Weakness/Significant Deficiency**

**Sewer Billings and Collections**

The City has delegated the processing of sewer billings and collections, which is a significant accounting function, to a third party administrator, Aqua Utility Services. The following internal control weaknesses were noted with regard to the processing of sewer billings and collections:

- A. Aqua Utility Services provides monthly billing and collection reports to the City. While these reports are agreed to the remittances by the City Auditor, this review is not documented and the accuracy of the report is not verified by any City personnel to monitor whether sewer usage is being properly billed and collected.
- B. The City has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that sewer billings and collections have been completely and accurately processed in accordance with the contract between the City and Aqua Utility Services.

The City did not provide us with evidence we requested regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billings receipts. We were therefore unable to satisfy ourselves as to the proper processing of sewer bills and collections.

<b>Finding Number – (Continued)</b>	2005-004
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**Material Weakness/Significant Deficiency – (Continued)**

These conditions may not assure the completeness and accuracy of sewer billings and collections processed by the third party administrator.

Statement on Auditing Standards (SAS) No. 70, as amended, prescribes standards for reporting on service organizations. An unqualified Type Two *Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness* in accordance with SAS 70 should provide the City with reasonable assurance that sewer billings and collections conform to the contract.

If alternative procedures cannot be applied to gain assurances over completeness and accuracy, we recommend the City request a Type Two SAS 70 or Agreed Upon Procedures report in its contract with Aqua Utility Services. The City should review the SAS 70 report timely. The report should follow American Institute of Certified Public Accountants standards and be performed by a firm registered and considered in good standing with the Accountancy Board of the respective state. In addition, if agreed upon procedures are to be done, the Auditor of State's SAS 70 Coordinator should be consulted prior to entering into a contract for these services.

In addition, we recommend the City request standing data from the service organization, including the name and address of the people being billed. The City should assign personnel to review the standing data to ensure residents of the City that should be charged for sewer usage are being charged. The City should also request billing information from the service organization to ensure correct rates are being used and are being calculated properly according to usage.

**Officials Response:** The City will address this during the next contract renewal with Aqua.

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**CITY OF STRUTHERS  
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2004-001	Finding for Recovery- Overpayment due to calculation error	No	Partially Corrected - Findings for Recovery remain unpaid.
2004-002	Ohio Administrative Code Section 117-2-03 (B) - The City does not report on GAAP.	No	Reported again as finding 2006-001.
2004-003	Ohio Revised Code Section 5705.09 (F) – The City did not set up a fund for Issue 2 projects.	No	Reported again as finding 2006-002.
2004-004	Ohio Revised Code Section 5705.41(B) - Actual disbursements plus outstanding encumbrances in excess of prior and current year appropriations in various funds	No	Partially Corrected – Reported in Management Letter.







**Mary Taylor, CPA**  
Auditor of State

**CITY OF STRUTHERS**

**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  
JUNE 9, 2009**