



**CITY OF STRUTHERS
MAHONING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF STRUTHERS
MAHONING COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Members of Council
City of Struthers
6 Elm Street
Struthers, Ohio 44471

We have audited the accompanying financial statements of City of Struthers, Mahoning County, (the City) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code Section 117-6-01 requires the City to prepare its financial report in accordance with generally accepted accounting principles. However, as described in Note 1, the City prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of the City of Struthers, Mahoning County, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members of Council
City of Struthers
Report of Independent Accountants
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This report is intended solely for the information and use of management and City Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 11, 2001

CITY OF STRUTHERS
MAHONING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$2,703,172	\$51,860			\$63,586	\$2,818,618
Intergovernmental Receipts	529,085	463,307		\$231,883		1,224,275
Charges for Services	9,996	41,889				51,885
Fines, Licenses, and Permits	100,618	21,412				122,030
Earnings on Investments	51,720	9,361				61,081
Miscellaneous	300,356	17,385		7,080		324,821
Total Cash Receipts	3,694,947	605,214		238,963	63,586	4,602,710
Cash Disbursements:						
Current:						
Security of Persons and Property	1,372,773	5,000			205,151	1,582,924
Public Health Services	66,976	27,403				94,379
Leisure Time Activities	82,905					82,905
Community Environment		1,600				1,600
Transportation		432,583				432,583
General Government	1,438,298	133,124				1,571,422
Debt Service:						
Principal Payments	67,320	182,680				250,000
Interest Payments		9,449				9,449
Financing and Other Debt-Service Related	1,635					1,635
Capital Outlay	143,184	154,058		538,963		836,205
Total Disbursements	3,173,091	945,897		538,963	205,151	4,863,102
Total Receipts Over/(Under) Disbursements	521,856	(340,683)		(300,000)	(141,565)	(260,392)
Other Financing Receipts/(Disbursements):						
Sale of Bonds or Notes		115,000		300,000		415,000
Sale of Fixed Assets		9,605				9,605
Transfers-In	8,666	85,753			146,750	241,169
Advances-In	50,000	50,000				100,000
Transfers-Out	(225,615)	(8,426)				(234,041)
Advances-Out	(50,000)	(50,000)				(100,000)
Other Sources	674	194,114	\$268			195,056
Other Uses	(117,583)	(277,363)				(394,946)
Total Other Financing Receipts/(Disbursements)	(333,858)	118,683	268	300,000	146,750	231,843
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	187,998	(222,000)	268		5,185	(28,549)
Fund Cash Balances January 1	506,511	683,623	11,291		66,503	1,267,928
Fund Cash Balances, December 31	\$694,509	\$461,623	\$11,559		\$71,688	\$1,239,379
Reserves for Encumbrances, December 31	\$217,237	\$55,454			\$61,165	\$333,856

The notes to the financial statements are an integral part of this statement.

**CITY OF STRUTHERS
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$907,137	\$625	\$907,762
Miscellaneous	143,842	1,200	145,042
Total Operating Cash Receipts	<u>1,050,979</u>	<u>1,825</u>	<u>1,052,804</u>
Operating Cash Disbursements:			
Personal Services	963,312		963,312
Supplies and Materials	886,627		886,627
Capital Outlay	174,017		174,017
Total Operating Cash Disbursements	<u>2,023,956</u>		<u>2,023,956</u>
Operating Income/(Loss)	<u>(972,977)</u>	<u>1,825</u>	<u>(971,152)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	1,300,243	3,500	1,303,743
Miscellaneous	1,935		1,935
Sale of Fixed Assets	513		513
Other Non-Operating Receipts	37,186	685,986	723,172
Total Non-Operating Cash Receipts	<u>1,339,877</u>	<u>689,486</u>	<u>2,029,363</u>
Non-Operating Cash Disbursements:			
Debt Service	376,538		376,538
Other Non-Operating Cash Disbursements		657,447	657,447
Total Non-Operating Cash Disbursements	<u>376,538</u>	<u>657,447</u>	<u>1,033,985</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(9,638)	33,864	24,226
Transfers-In			
Advances-In			
Transfers-Out	(6,888)	(240)	(7,128)
Advances-Out			
Net Receipts Over/(Under) Disbursements	(16,526)	33,624	17,098
Fund Cash Balances, January 1	<u>827,950</u>	<u>122,677</u>	<u>950,627</u>
Fund Cash Balances, December 31	<u>\$811,424</u>	<u>\$156,301</u>	<u>\$967,725</u>
Reserve for Encumbrances, December 31	<u>\$104,480</u>	<u>\$17,578</u>	<u>\$122,058</u>

The notes to the financial statements are an integral part of this statement.

CITY OF STRUTHERS
MAHONING COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$2,517,818	\$51,518			\$55,720	\$2,625,056
Intergovernmental Receipts	432,960	498,999		\$333,214		1,265,173
Charges for Services	7,357	39,369				46,726
Fines, Licenses, and Permits	110,398	20,464				130,862
Earnings on Investments	33,783	6,199				39,982
Miscellaneous	312,754	5,778				318,532
Total Cash Receipts	3,415,070	622,327		333,214	55,720	4,426,331
Cash Disbursements:						
Current:						
Security of Persons and Property	1,295,043	6,434			198,919	1,500,396
Public Health Services	58,183	27,318				85,501
Leisure Time Activities	94,002					94,002
Community Environment		1,600				1,600
Transportation	20,050	394,370				414,420
General Government	1,380,552	78,793				1,459,345
Debt Service:						
Principal Payments	21,207	328,793				350,000
Interest Payments	14,840					14,840
Financing and Other Debt-Service Related		1,577				1,577
Capital Outlay	198,928	171,190		475,643		845,761
Total Disbursements	3,082,805	1,010,075		475,643	198,919	4,767,442
Total Receipts Over/(Under) Disbursements	332,265	(387,748)		(142,429)	(143,199)	(341,111)
Other Financing Receipts/(Disbursements):						
Proceeds of Notes		250,000		142,429		392,429
Sale of Fixed Assets	3,500					3,500
Transfers-In	26,103	88,705			155,398	270,206
Advances-In	50,000	50,000				100,000
Transfers-Out	(237,479)	(26,103)				(263,582)
Advances-Out	(50,000)	(50,000)				(100,000)
Other Sources	4,399	185,661	\$221			190,281
Other Uses	(46,640)	(56,845)				(103,485)
Total Other Financing Receipts/(Disbursements)	(250,117)	441,418	221	142,429	155,398	489,349
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	82,148	53,670	221		12,199	148,238
Fund Cash Balances January 1	424,363	629,953	11,070		54,304	1,119,690
Fund Cash Balances, December 31	\$506,511	\$683,623	\$11,291		\$66,503	\$1,267,928
Reserves for Encumbrances, December 31	\$200,916	\$54,404			\$55,914	\$311,234

The notes to the financial statements are an integral part of this statement.

**CITY OF STRUTHERS
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$989,806		\$989,806
Miscellaneous	44,804		44,804
Total Operating Cash Receipts	<u>1,034,610</u>		<u>1,034,610</u>
Operating Cash Disbursements:			
Personal Services	876,311		876,311
Supplies and Materials	658,065		658,065
Capital Outlay	253,979		253,979
Total Operating Cash Disbursements	<u>1,788,355</u>		<u>1,788,355</u>
Operating Income/(Loss)	<u>(753,745)</u>		<u>(753,745)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	1,190,201	\$5,525	1,195,726
Sale of Fixed Assets	200		200
Other Non-Operating Receipts	46,907	595,385	642,292
Total Non-Operating Cash Receipts	<u>1,237,308</u>	<u>600,910</u>	<u>1,838,218</u>
Non-Operating Cash Disbursements:			
Debt Service	363,006		363,006
Other Non-Operating Cash Disbursements	10,000	570,084	580,084
Total Non-Operating Cash Disbursements	<u>373,006</u>	<u>570,084</u>	<u>943,090</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	110,557	30,826	141,383
Advances-In	10,000		10,000
Transfers-Out	(6,624)		(6,624)
Advances-Out	(10,000)		(10,000)
Net Receipts Over/(Under) Disbursements	103,933	30,826	134,759
Fund Cash Balances, January 1	<u>724,017</u>	<u>91,851</u>	<u>815,868</u>
Fund Cash Balances, December 31	<u>\$827,950</u>	<u>\$122,677</u>	<u>\$950,627</u>
Reserve for Encumbrances, December 31	<u>\$198,068</u>	<u>\$3,120</u>	<u>\$201,188</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF STRUTHERS
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000**

FUND TYPES/FUNDS	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GOVERNMENTAL FUND TYPES:			
General Fund	\$3,095,178	\$3,704,287	\$ 609,109
Special Revenue Funds	553,450	1,009,686	456,236
Debt Service Fund		268	268
Capital Projects Funds		538,963	538,963
PROPRIETARY FUND TYPE:			
Enterprise Funds	2,128,000	2,390,856	262,856
FIDUCIARY FUND TYPE:			
Expendable Trust Funds	<u>64,362</u>	<u>210,336</u>	<u>145,974</u>
Total (Memorandum Only)	<u>\$5,840,990</u>	<u>\$7,854,396</u>	<u>\$2,013,406</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF STRUTHERS
MAHONING COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2000**

FUND TYPES/FUNDS	PRIOR YEAR CARRYOVER APPROPRIATIONS	2000 APPROPRIATIONS	TOTAL
GOVERNMENTAL FUND TYPES:			
General Fund	\$200,916	\$3,336,048	\$3,536,964
Special Revenue Funds	54,405	531,287	585,692
Capital Projects Funds			
PROPRIETARY FUND TYPE:			
Enterprise Funds	198,068	2,196,050	2,394,118
FIDUCIARY FUND TYPE:			
Expendable Trust Funds	<u>55,914</u>	<u>66,588</u>	<u>122,502</u>
Total (Memorandum Only)	<u>\$509,303</u>	<u>\$6,129,973</u>	<u>\$6,639,276</u>

The notes to the financial statements are an integral part of this statement.

ACTUAL 2000 DISBURSEMENTS	ENCUMBRANCES OUTSTANDING AT 12-31-00	TOTAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$3,516,289	\$217,237	\$3,733,526	\$ (196,562)
1,231,686	55,454	1,287,140	(701,448)
538,963		538,963	(538,963)
2,407,382	104,480	2,511,862	(117,744)
<u>205,151</u>	<u>61,165</u>	<u>266,316</u>	<u>(143,814)</u>
<u>\$7,899,471</u>	<u>\$438,336</u>	<u>\$8,337,807</u>	<u>\$(1,698,531)</u>

**CITY OF STRUTHERS
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999**

FUND TYPES/FUNDS	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
GOVERNMENTAL FUND TYPES:			
General Fund	\$3,069,555	\$3,449,072	\$ 379,517
Special Revenue Funds	543,450	1,146,693	603,243
Debt Service Fund		221	221
Capital Projects Funds		475,643	475,643
PROPRIETARY FUND TYPE:			
Enterprise Funds	2,028,000	2,271,918	243,918
FIDUCIARY FUND TYPE:			
Expendable Trust Funds	<u>56,814</u>	<u>211,118</u>	<u>154,304</u>
Total (Memorandum Only)	<u>\$5,697,819</u>	<u>\$7,554,665</u>	<u>\$1,856,846</u>

The notes to the financial statements are an integral part of this statement.

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**CITY OF STRUTHERS
MAHONING COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 1999**

FUND TYPES/FUNDS	PRIOR YEAR CARRYOVER APPROPRIATIONS	1999 APPROPRIATIONS	TOTAL
GOVERNMENTAL FUND TYPES:			
General Fund	\$274,234	\$3,158,838	\$3,433,072
Special Revenue Funds	33,586	542,174	575,760
Capital Projects Funds			
PROPRIETARY FUND TYPE:			
Enterprise Funds	88,207	2,090,758	2,178,965
FIDUCIARY FUND TYPE:			
Expendable Trust Funds	<u>55,863</u>	<u>54,440</u>	<u>110,303</u>
Total (Memorandum Only)	<u>\$451,890</u>	<u>\$5,846,210</u>	<u>\$6,298,100</u>

The notes to the financial statements are an integral part of this statement.

ACTUAL 1999 DISBURSEMENTS	ENCUMBRANCES OUTSTANDING AT 12-31-99	TOTAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$3,366,924	\$200,916	\$3,567,840	\$ (134,768)
1,093,023	54,404	1,147,427	(571,667)
475,643		475,643	(475,643)
2,167,985	198,068	2,366,053	(187,088)
<u>198,919</u>	<u>55,914</u>	<u>254,833</u>	<u>(144,530)</u>
<u>\$7,302,494</u>	<u>\$509,302</u>	<u>\$7,811,796</u>	<u>\$(1,513,696)</u>

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**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-6-01 to prepare its financial report in accordance with generally accepted accounting principles, the City chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. Cash and Investments

The City uses a local bank to manage its cash investments. Each night the bank balance is swept into an overnight repurchase agreement. Mutual funds are recorded at share values reported by the mutual fund.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The City maintains its accounting records in accordance with the principles of "fund" accounting. 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, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

1. General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than Expendable Trust or Capital Projects Funds) that are legally restricted to disbursements for specified purposes.

3. Debt Service Funds

These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

4. Capital Projects Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust Funds).

5. Enterprise Funds

These funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

6. Trust and Agency Funds

These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust Funds and Agency Funds.

E. Intergovernmental Revenues

The City receives money from state and county shared taxes, and federal and state grants which are recorded as intergovernmental revenue when received.

F. Interfund Transactions

During the course of normal operations, the City has transactions between funds to subsidize operations, make reimbursements and advance monies. Interfund transactions are recorded when transfers and advances are made.

G. Budgetary Process

The Ohio Revised Code requires that each fund (except for certain agency funds) be budgeted annually.

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year unencumbered fund cash balances. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the City to encumber appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

H. Property, Plant and Equipment

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

I. 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 cash basis of accounting used by the City.

2. Equity in Pooled Cash and Investments

The City maintains a cash and investment pool used by all funds.

Legal Requirements: Statutes require the classification of moneys held by the City into three categories. Category 1 consists of "active" moneys, those moneys required to be kept in a "cash" or "near-cash" status for immediate use by the City. Such moneys must be maintained either as cash in the City treasury or in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Category 2 consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys must be deposited or invested only as certificates of deposit maturing not later than the end of the current designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Category 3 consists of "interim" moneys, those moneys which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim monies can be invested in the following obligations:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be use 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.

Deposits: At December 31, 2000, the carrying amount of the City's deposits was \$653,861 and the bank balance \$1,014,142 of pooled funds. Of the bank balance:

1. \$305,943 was covered by federal depository insurance.
2. \$708,199 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions.

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: At December 31, 2000, the City's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the City's name.

	Category 3	Fair Value
Repurchase Agreements	\$1,260,000	\$1,260,000
No-Load Money Market Mutual Funds (CDBG Revolving Loan)	<u>293,243</u>	<u>293,243</u>
Total Investments	<u>\$1,553,243</u>	<u>\$1,553,243</u>

Deposits: At December 31, 1999, the carrying amount of the City's deposits was \$743,803 and the bank balance \$797,780 of pooled funds. Of the bank balance:

1. \$300,000 was covered by federal depository insurance.
2. \$497,780 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions.

Investments: At December 31, 1999, the City's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the City's name.

	Category 3	Fair Value
Repurchase Agreements	\$960,000	\$960,000
No-Load Money Market Mutual Funds (CDBG Revolving Loan)	<u>514,752</u>	<u>514,752</u>
Total Investments	<u>\$1,474,752</u>	<u>\$1,474,752</u>

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. NONCOMPLIANCE

Contrary to Ohio Revised Code Section 5705.41(B), the Police Disability and Fire Disability funds had disbursements plus outstanding encumbrances in excess of prior and current year appropriations in 2000 and the Street Construction Maintenance and Repair, Police Disability and Fire Disability funds had disbursements and outstanding in excess of prior and current year appropriations in 1999.

Contrary to Ohio Revised Code Section 5705.09 (F), the City of Struthers did not establish the required Capital Projects (Issue 2) Funds.

4. DEBT OBLIGATIONS

Debt outstanding at December 31, 2000 consisted of the following:

Ohio Public Works Commission Loans (OPWC):

Principal Outstanding	\$639,093
Interest Rate	0%

Ohio Water Development Authority Loan (OWDA):

Principal Outstanding	\$1,443,294
Interest Rate	10.84%

General Obligation Short-Term Notes:

Principal Outstanding	\$415,000
Interest Rate	4.85%

The OPWC loans are for Wastewater Treatment Plant improvements.

The OWDA loan is for Wastewater Treatment Plant improvements and construction and rehabilitation to sanitary sewers, in which the revenue of the utility facilities have been pledged to repay this debt.

General obligation notes for street resurfacing 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.

New note debt issued during 2000 and 1999 was \$415,000 and \$392,429, respectively.

The annual requirements to amortize the OPWC and OWDA loans, and the general obligation short-term notes outstanding as of December 31, 2000, including interest payments of \$594,234 and \$20,128, respectively, are as follows:

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. DEBT OBLIGATIONS - (Continued)

<u>Year Ending December 31</u>	<u>OPWC Loan</u>	<u>OWDA Loan</u>	<u>General Obligation</u>
2001	\$ 36,950	\$ 339,588	\$435,128
2002	36,950	339,588	0
2003	36,950	339,588	0
2004	36,950	339,588	0
2005	36,950	339,588	0
2006-2010	184,750	339,588	0
2011-2015	174,865	0	0
2016-2020	<u>94,728</u>	<u>0</u>	<u>0</u>
Total	<u>\$639,093</u>	<u>\$2,037,528</u>	<u>\$435,128</u>

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the City.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The Mahoning County Treasurer collects property tax on behalf of all taxing districts within the county. The Mahoning County Auditor periodically remits to the taxing districts their portions of the taxes collected.

6. CITY INCOME TAX

The City levies a municipal income tax of 2% on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

As of December 31, 2000, and December 31, 1999, income tax proceeds received into the General Fund totaled \$2,338,550 and \$2,201,828, respectively. (NOTE: The 2% City income tax is levied after March 1, 1983, as the result of passage (by the voters) on February 8, 1983, of City Ordinance No. 82-7836.)

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RETIREMENT SYSTEMS

The City of Struthers' employees belong to the Public Employees Retirement System of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. PERS also provides survivor and disability benefits to vested employees. Since the State of Ohio accounts for the activities of the retirement system, the amount of that fund is not reflected in the accompanying financial statements. Employees contributed 8.5% of their gross salaries. The City contributed an amount equal to 10.84% of participants' gross salaries for 2000 and 13.55% of participants' gross salaries for 1999.

The firemen and policemen of the City are covered by the Police and Firemen's Disability Pension Fund (PFDPF), also accounted for by the State of Ohio and also not reflected in the accompanying financial statements. Police and Firemen contribute 10% of their gross wages to the plan and the City matches this with a contribution equal to 19.5% of policemen's wages and 24% of firemen's gross wages.

The City has paid all contributions required through December 31, 2000.

8. LIABILITY AND PROPERTY INSURANCE

The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 80% coinsured.

9. COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City of Struthers has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Development of Housing and Urban Development (HUD) grants money for these loans to the City of Struthers passed through the Ohio Department of Development. Loans repaid, including interest, are used to make additional loans.

These loans are collateralized by a first lien on the business property. At December 31, 2000 and December 31, 1999, the gross amount of the loans outstanding under this program were \$570,555 and \$465,488 respectively. There were no delinquent amounts due.

10. POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

**CITY OF STRUTHERS
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

10. POSTEMPLOYMENT BENEFITS - (Continued)

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually

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

The number of active contributing participants was 401,339. The City's actual contributions which were used to fund postemployment benefits were \$77,549 for 2000 and \$64,064 for 1999. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

B. Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund (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. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999 the percent used to fund healthcare was 7 percent. 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.

The City's actual contributions that were used to fund postemployment benefits were \$43,348 for police and \$26,752 for fire for 2000, and \$39,724 for police and \$25,743 for fire for 1999. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center

242 Federal Plaza West

Suite 302

Youngstown, Ohio 44503

Telephone 330-797-9900

800-443-9271

Facsimile 330-797-9949

www.auditor.state.oh.us

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

Members of Council
City of Struthers
6 Elm Street
Struthers, Ohio 44471

We have audited the financial statements of the City of Struthers, as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 11, 2001, which indicated the City has prepared its financial statements on a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Struthers' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-21150-001 through 2000-21150-003.

We also noted certain immaterial instances of noncompliance that we have reported to management of the City of Struthers in a separate letter dated June 11, 2001.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Struthers in a separate letter dated June 11, 2001.

Members of Council
City of Struthers
Report of Independent Accountants on Compliance and on Internal Control Required By
Government Auditing Standards
Page -2-

This report is intended for the information and use of management and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 11, 2001

**CITY OF STRUTHERS
MAHONING COUNTY
DECEMBER 31, 2000 AND 1999**

SCHEDULE OF FINDINGS

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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* - Indicates repeat citations from prior audit.

Finding Number 2000-21150-001

Noncompliance Citation*

Ohio Administrative Code Section 117-6-01 requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, 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.

Finding Number 2000-21150-002

Noncompliance Citation*

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, Management Advisory Service (MAS) Bulletin #89-17, requires City Council to establish, by resolution, a separate Capital Projects Fund to account for each Issue 2 project funding from the Ohio Public Works Commission.

The City of Struthers did not establish the required Capital Projects (Issue 2) Funds and consequently did not appropriate the related monies in accordance with 5705.41(B).

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 City has made adjustments to reflect the Issue 2 project activity within the Capital Projects Fund type in the financial statements. Issue 2 receipts and disbursements were \$231,883 for 2000 and \$475,643 for 1999.

Finding Number 2000-21150-003

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds in 2000 were found to have actual disbursements plus outstanding encumbrances in excess of prior and current year appropriations by the amounts noted:

Fund	<u>Prior and Current Year Appropriations</u>	<u>Actual Disbursements Plus Outstanding Encumbrances</u>	<u>Variance</u>
<u>Special Revenue Funds:</u>			
Street Construction			
Maintenance and Repair	\$313,291	\$387,364	\$(74,073)
Permissive Motor Vehicle Tax	77,129	192,129	(115,000)
Revolving Loan	0	391,940	(391,940)
<u>Expendable Trust Funds:</u>			
Police Disability	68,750	151,735	(82,985)
Fire Disability	53,752	114,581	(60,829)

The following funds in 1999 were found to have actual disbursements plus outstanding encumbrances in excess of prior and current year appropriations by the amounts noted:

<u>Special Revenue Fund:</u>			
Street Construction			
Maintenance and Repair	\$321,392	\$410,317	\$(88,925)
Permissive Motor Vehicle Tax	78,793	330,370	(251,577)
Revolving Loan	0	107,822	(107,822)
<u>Expendable Trust Funds:</u>			
Police Disability	58,286	143,240	(84,954)
Fire Disability	52,017	111,592	(59,575)

The variances in the Permissive Motor Vehicle Tax Fund are related to note rollover transactions for Street Resurfacing Notes in which the City did not book or budget the retirement of notes and the related issuance of new notes. There was no net effect on fund balance. The City has made adjustments to reflect the activity within the financial statements.

The variances in the Revolving Loan Fund are because the City did not book or budget the activity in this fund. The City has made adjustments to reflect the activity within the financial statements.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
JULY 3, 2001**