



Mary Taylor, CPA
Auditor of State

**CITY OF STRUTHERS
MAHONING COUNTY**

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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, 2008, 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 24% of the receipts reported with the business type activities and the Statement of Receipts, Disbursements and Changes in Net Cash Assets – Enterprise Funds, as well as 24% and 47% of revenues in the Sewage Disposal and Sewage Disposal Sinking Funds, respectively.

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 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, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General and the Revolving Loan Funds thereof for the year 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 September 15, 2010, 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, consisting 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 15, 2010

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008, within the limitations of the City's 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 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 2008 are as follows:

- The total net cash assets of the City decreased \$140,825. Net cash assets of governmental activities increased \$80,920, which represents a 15.62% increase from fiscal year 2007. Net cash assets of business-type activities decreased \$221,745 or 21.76% from fiscal year 2007.
- General cash receipts accounted for \$3,806,731 or 60.26% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,510,837 or 39.74% of total governmental activities cash receipts.
- The City had \$6,283,568 in cash disbursements related to governmental activities; \$2,510,837 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$3,806,731 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 of \$4,014,494 in 2008. The cash disbursements and other financing disbursements of the general fund, totaled \$4,004,831 in 2008. The general fund's cash balance increased \$9,663 from 2007 to 2008.
- The revolving loan fund, a City major fund, had cash receipts of \$41,417 in 2008. The revolving loan fund had cash disbursements of \$6,396 in 2008. The revolving loan fund cash balance increased \$35,021 from 2007 to 2008.
- 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 decreased in 2008 by \$71,696 or 33.82%. Net assets for the sewage disposal sinking fund decreased in 2008 by \$128,124 or 18.04%.

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 cash basis of accounting.

The statement of net assets – cash basis and statement of activities – 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, 2008

Reporting the City as a Whole

Statement of net assets and the statement of activities

The statement of net assets – cash basis and the statement of activities – cash basis answer the question, “How did we do financially during 2008?” These statements include *only net assets* using the *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 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 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 cash basis of accounting.

In the statement of net assets – cash basis and the statement of activities – 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 – cash basis and the statement of activities – 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, 2008

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 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 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 – cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities – 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 (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 24-43 of this report.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Government-Wide Financial Analysis

Recall that the statement of net assets – 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, 2008 and 2007.

	Net Cash Assets					
	<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>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 598,892	\$ 215,325	\$ 517,972	\$ 308,946	\$ 814,217	\$ 826,918
Cash and cash equivalents with fiscal/escrow agents	<u>-</u>	<u>582,095</u>	<u>-</u>	<u>710,219</u>	<u>582,095</u>	<u>710,219</u>
Total assets	<u>598,892</u>	<u>797,420</u>	<u>517,972</u>	<u>1,019,165</u>	<u>1,396,312</u>	<u>1,537,137</u>
<u>Net cash assets</u>						
Restricted	442,959	582,095	376,754	710,219	1,025,054	1,086,973
Unrestricted	<u>155,933</u>	<u>215,325</u>	<u>141,218</u>	<u>308,946</u>	<u>371,258</u>	<u>450,164</u>
Total net cash assets	<u>\$ 598,892</u>	<u>\$ 797,420</u>	<u>\$ 517,972</u>	<u>\$ 1,019,165</u>	<u>\$ 1,396,312</u>	<u>\$ 1,537,137</u>

The total net cash assets of the City decreased \$140,825. Net cash assets of governmental activities increased \$80,920, which represents a 15.62% increase from fiscal year 2007. Net cash assets of business-type activities decreased \$221,745 or 21.76% from fiscal year 2007.

The balance of government-wide unrestricted net cash assets of \$155,933 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, 2008**

The table below shows the changes in net cash assets for fiscal year 2008 and 2007.

	Change in Net Cash Assets					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	2008 Total	2007 Total
	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Cash Receipts:						
Program cash receipts:						
Charges for services and sales	\$ 532,262	\$ 1,127,565	\$ 533,584	\$ 1,144,722	\$ 1,659,827	\$ 1,678,306
Operating grants and contributions	1,623,067	2,027,882	565,599	1,711,954	3,650,949	2,277,553
Capital grants and contributions	<u>355,508</u>	<u>-</u>	<u>250,036</u>	<u>-</u>	<u>355,508</u>	<u>250,036</u>
Total program cash receipts	<u>2,510,837</u>	<u>3,155,447</u>	<u>1,349,219</u>	<u>2,856,676</u>	<u>5,666,284</u>	<u>4,205,895</u>
General cash receipts:						
Property and other taxes	3,252,721	-	3,187,128	-	3,252,721	3,187,128
Unrestricted grants	253,293	-	218,772	-	253,293	218,772
Sale of notes	-	-	28,000	-	-	28,000
Loan proceeds	-	30,360	-	58,131	30,360	58,131
Investment receipts	7,190	10,515	25,683	12,154	17,705	37,837
Miscellaneous	<u>293,527</u>	<u>-</u>	<u>229,204</u>	<u>-</u>	<u>293,527</u>	<u>229,204</u>
Total general cash receipts	<u>3,806,731</u>	<u>40,875</u>	<u>3,688,787</u>	<u>70,285</u>	<u>3,847,606</u>	<u>3,759,072</u>
Total cash receipts	<u>6,317,568</u>	<u>3,196,322</u>	<u>5,038,006</u>	<u>2,926,961</u>	<u>9,513,890</u>	<u>7,964,967</u>
Cash Disbursements:						
General government	1,901,460	-	1,861,399	-	1,901,460	1,861,399
Security of persons and property	1,885,504	-	1,824,674	-	1,885,504	1,824,674
Transportation	1,023,631	-	788,109	-	1,023,631	788,109
Public health services	826,291	-	160,660	-	826,291	160,660
Leisure time activities	98,187	-	68,317	-	98,187	68,317
Community environment	286,797	-	23,764	-	286,797	23,764
Miscellaneous	6,396	-	11,716	-	6,396	11,716
Capital outlay	226,032	-	297,855	-	226,032	297,855
Debt service:						
Principal retirement	28,000	-	55,000	-	28,000	55,000
Interest and fiscal charges	1,270	-	2,457	-	1,270	2,457
Sewage disposal	-	2,873,461	-	2,588,205	2,873,461	2,588,205
Sewage disposal sinking	-	261,141	-	84,710	261,141	84,710
Storm water	<u>-</u>	<u>236,545</u>	<u>-</u>	<u>50,874</u>	<u>236,545</u>	<u>50,874</u>
Total cash disbursements	<u>6,283,568</u>	<u>3,371,147</u>	<u>5,093,951</u>	<u>2,723,789</u>	<u>9,654,715</u>	<u>7,817,740</u>
Increase (decrease) in net assets before transfers	34,000	(174,825)	(335,285)	10,369	(324,916)	(324,916)
Transfers	<u>46,920</u>	<u>(46,920)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net cash assets	80,920	(221,745)	(55,945)	203,172	(140,825)	147,227
Net cash assets at beginning of year	<u>517,972</u>	<u>1,019,165</u>	<u>573,917</u>	<u>815,993</u>	<u>1,537,137</u>	<u>1,389,910</u>
Net cash assets at end of year	\$ <u>598,892</u>	\$ <u>797,420</u>	\$ <u>517,972</u>	\$ <u>1,019,165</u>	\$ <u>1,396,312</u>	\$ <u>1,537,137</u>

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

Governmental Activities

Governmental cash assets increased by \$80,920 in 2008 from 2007.

General government represents activities related to the governing body as well as activities that directly support City programs. In 2008, general government cash disbursements totaled \$1,901,460, or 30.26% of total governmental cash disbursements. General government programs were supported by \$192,355 in direct charges to users for services.

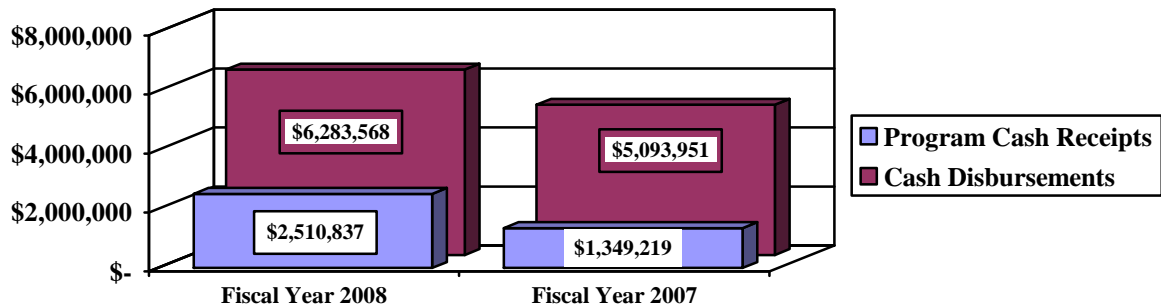
In 2008, the security of persons and property programs accounted for \$1,885,504 or 30.01% of total government cash disbursements. Security of persons and property programs were supported by \$213,858 in direct uses charge and \$89,153 in operating and contributing grants.

In 2008, the transportation projects accounted for \$1,023,631 or 16.29% of total government cash disbursements. Transportation projects were supported by \$40,494 in direct uses charges, \$560,840 in operating and contributing grants and \$355,508 in capital grants and contributions.

In 2008, the community environment programs accounted for \$286,797 or 4.56% of total government cash disbursements. Community environment programs were supported by \$295,397 in operating and contributing grants. The community environment programs are funded by federal grants, the City received more federal grants in 2008.

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 2008 and 2007. 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

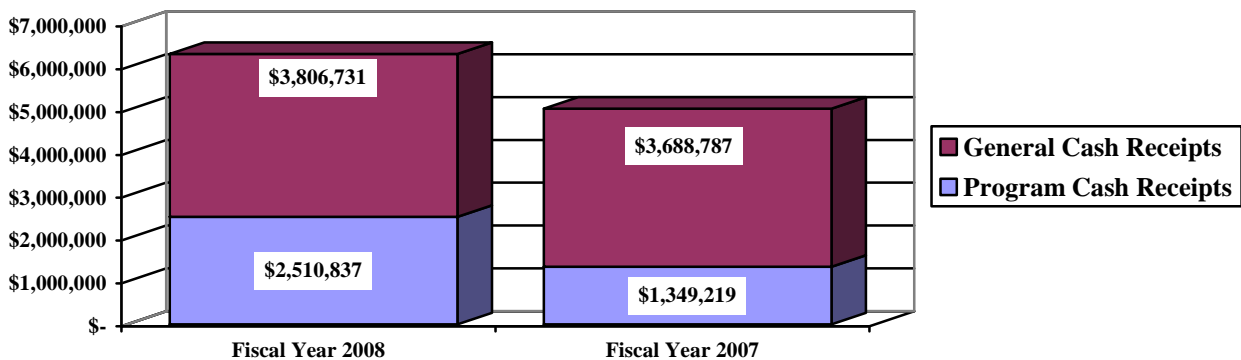
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
Cash disbursements:				
Current:				
General government	\$ 1,901,460	\$ 1,709,105	\$ 1,861,399	\$ 1,659,654
Security of persons and property	1,885,504	1,582,493	1,824,674	1,551,413
Transportation	1,023,631	66,789	788,109	86,376
Public health services	826,291	119,716	160,660	64,599
Leisure time activities	98,187	82,947	68,317	52,167
Community environment	286,797	(8,600)	23,764	17,754
Miscellaneous	6,396	(35,021)	11,716	(42,543)
Capital outlay	226,032	226,032	297,855	297,855
Debt service:				
Principal retirement	28,000	28,000	55,000	55,000
Interest and fiscal charges	1,270	1,270	2,457	2,457
Total	\$ 6,283,568	\$ 3,772,731	\$ 5,093,951	\$ 3,744,732

The dependence upon general cash receipts for governmental activities is apparent; with 60.04% of cash disbursements supported through taxes and other general cash receipts during 2008.

Governmental Activities - General and Program Cash Receipts



Business-Type Activities

The sewage disposal fund, sewage disposal sinking fund and the storm water fund are the City's business-type activities. These programs had cash receipts of \$3,196,322, cash disbursements of \$3,371,147 and transfers out of \$46,920 for fiscal year 2008. The net cash assets of the programs decreased \$221,745 from 2007.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

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 cash basis of accounting.

The City's governmental funds reported a combined fund cash balance of \$598,892, which is \$80,920 higher than last year's total of \$517,972. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2008 and December 31, 2007, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2008</u>	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Increase</u>
Major Funds:			
General	\$ 157,359	\$ 147,696	\$ 9,663
Revolving loan	221,782	186,761	35,021
Other Nonmajor Governmental Funds	<u>219,751</u>	<u>183,515</u>	<u>36,236</u>
Total	<u>\$ 598,892</u>	<u>\$ 517,972</u>	<u>\$ 80,920</u>

General Fund

The general fund, the City's largest major fund, had cash receipts and cash disbursements of \$4,014,494 and \$3,774,280, respectively, in 2008. These amounts exclude other financing receipts and other financing disbursements, which consisted of transfers out in the amount of \$230,551 in 2008. The general fund's cash balance increased \$9,663 from 2007 to 2008.

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase</u> <u>Decrease</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Receipts:</u>				
Taxes	\$ 3,108,108	\$ 3,042,641	\$ 65,467	2.15 %
Intergovernmental	253,293	218,772	34,521	15.78 %
Charges for services	17,149	22,723	(5,574)	(24.53) %
License, permits and fees	336,656	349,961	(13,305)	(3.80) %
Investment income	5,761	19,561	(13,800)	(70.55) %
Miscellaneous	<u>293,527</u>	<u>227,333</u>	<u>66,194</u>	29.12 %
Total	<u>\$ 4,014,494</u>	<u>\$ 3,880,991</u>	<u>\$ 133,503</u>	3.44 %

Taxes increased due to an increase in income taxes received by the City. Investment income decreased due to decreased interest rate on investments. Intergovernmental receipts increased due to an increased in funding received from the State of Ohio. All other 2008 receipts remained consistent with 2007.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase/ Decrease</u>	<u>Percentage Change</u>
<u>Cash Disbursements</u>				
General government	\$ 1,842,608	\$ 1,796,256	\$ 46,352	2.58 %
Security of persons and property	1,533,513	1,513,259	20,254	1.34 %
Public health service	79,645	59,147	20,498	34.66 %
Leisure time activity	63,212	58,093	5,119	8.81 %
Capital outlay	226,032	297,855	(71,823)	(24.11) %
Debt service				
Principal retirement	28,000	55,000	(27,000)	(49.09) %
Interest and fiscal charges	<u>1,270</u>	<u>2,457</u>	<u>(1,187)</u>	(48.31) %
Total	<u>\$ 3,774,280</u>	<u>\$ 3,782,067</u>	<u>\$ (7,787)</u>	(0.21) %

Expenditures increased primarily in the area of general government. The City made less capital purchases in 2008 than in 2007. In addition, the City has retired a previously issued bond anticipation note in the amount of \$28,000 in 2008.

Revolving Loan Fund

The revolving loan fund, a City major fund, had cash receipts of \$41,417 in 2008. The revolving loan fund had cash disbursements of \$6,396 in 2008. The revolving loan fund cash balance increased \$35,021 from 2007 to 2008 due to loan activity which occurred in 2008.

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 2008, final budget basis receipts and other financing receipts for the general fund were the same as the original budget estimates of \$3,913,522. Actual cash receipts and other financing receipts of \$4,014,494 were more than final budget estimates by \$100,972. The original and final budgetary basis disbursements and other financing disbursements were \$3,968,944. The actual budgetary basis disbursements and other financing disbursements of \$4,081,736 were \$112,792 more than the final budget estimates.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

Enterprise Funds

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

The City's enterprise funds reported a combined net cash assets of \$797,420, which is \$221,745 below last year's total of \$1,019,165.

The schedule below indicates the net cash assets and the total change in net cash assets as of December 31, 2008 and December 31, 2007, for all major and nonmajor enterprise funds:

	<u>Fund Cash Balance</u> <u>December 31, 2008</u>	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>(Decrease)</u>
Major Funds:			
Sewage Disposal	\$ 140,306	\$ 212,002	\$ (71,696)
Sewage Disposal Sinking	582,095	710,219	(128,124)
Nonmajor Fund:			
Storm Water	<u>75,019</u>	<u>96,944</u>	<u>(21,925)</u>
Total	<u>\$ 797,420</u>	<u>\$ 1,019,165</u>	<u>\$ (221,745)</u>

Sewage Disposal Fund

The sewage disposal fund, a City major fund, had operating cash receipts of \$828,103 and operating cash disbursements of \$2,873,461 during 2008. The sewage disposal fund had \$1,973,662 in non-operating cash receipts during 2008. The sewage disposal fund's net cash assets decreased \$71,696 during 2008 from \$212,002 to \$140,306.

Sewage Disposal Sinking Fund

The sewage disposal sinking fund, a City major fund, had operating cash receipts of \$84,842 and operating cash disbursements of \$168,524 during 2008. The sewage disposal sinking fund had \$95,095 in non-operating cash receipts and \$92,617 in non-operating disbursements (principal and interest payments on loans). The sewage disposal sinking fund transferred \$46,920 to the solid handling belt press fund. The sewage disposal sinking fund's net cash assets decreased \$128,124 during 2008 from \$710,219 to \$582,095.

Storm Water Fund

The storm water fund, a City non-major fund, had operating cash receipts of \$214,620. The storm water fund had operating cash disbursements of \$236,545 during 2008. The storm water fund's net cash assets were \$75,019 at December 31, 2008.

Capital Assets and Debt Administration

Capital Assets

The City does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The City had capital outlay disbursements of \$777,075 (both governmental activities and business-type activities) during fiscal year 2008.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2008

Debt Administration

The City does not record debt obligations in the accompanying 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 no bond anticipation note outstanding at December 31, 2008. The City retired this bond anticipation note in 2008 in the amount of \$28,000.

In the business-type activities, the City has OWDA loans and an OPWC loan outstanding at December 31, 2008. These loans are being repaid from resources of the enterprise operations. Principal payments in 2008 were \$78,592 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 2008:

The City is located in Mahoning County, Ohio, which has an unemployment rate currently of 7.1%, compared to the 6.5% state average and the 5.8% national average.

These economic factors were considered in preparing the City's budget for fiscal year 2009. Budgeted revenues and other financing sources in the general fund for fiscal year 2009 are \$3,760,337. 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 - CASH BASIS
DECEMBER 31, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 598,892	\$ 215,325	\$ 814,217
Cash and cash equivalents with fiscal/escrow agents	-	582,095	582,095
Total assets.	<u>598,892</u>	<u>797,420</u>	<u>1,396,312</u>
Net cash assets:			
Restricted for:			
Transportation projects	59,719	-	59,719
Public health services	27,465	-	27,465
Leisure time activities.	20,182	-	20,182
General government operations	72,874	-	72,874
Security of persons and property programs	26,155	-	26,155
Revolving loan program	221,782	-	221,782
Community environment projects.	815	-	815
Debt service.	13,967	582,095	596,062
Unrestricted	<u>155,933</u>	<u>215,325</u>	<u>371,258</u>
Total net cash assets	<u>\$ 598,892</u>	<u>\$ 797,420</u>	<u>\$ 1,396,312</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Current:				
General government	\$ 1,901,460	\$ 192,355	\$ -	\$ -
Security of persons and property.	1,885,504	213,858	89,153	-
Transportation.	1,023,631	40,494	560,840	355,508
Public health services	826,291	28,898	677,677	-
Leisure time activities	98,187	15,240	-	-
Community environment	286,797	-	295,397	-
Miscellaneous	6,396	41,417	-	-
Capital outlay.	226,032	-	-	-
Debt service:				
Principal retirement.	28,000	-	-	-
Interest and fiscal charges	1,270	-	-	-
Total governmental activities	<u>6,283,568</u>	<u>532,262</u>	<u>1,623,067</u>	<u>355,508</u>
Business-Type activities:				
Sewage disposal	2,873,461	828,103	1,973,662	-
Sewage disposal sinking.	261,141	84,842	54,220	-
Storm water	<u>236,545</u>	<u>214,620</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>3,371,147</u>	<u>1,127,565</u>	<u>2,027,882</u>	<u>-</u>
Totals	<u>\$ 9,654,715</u>	<u>\$ 1,659,827</u>	<u>\$ 3,650,949</u>	<u>\$ 355,508</u>

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.
- Loan proceeds
- Investment receipts
- Miscellaneous

Total general cash receipts.

Transfers.

Total general cash receipts and transfers

Change in net cash assets

Net cash assets at beginning of year.

Net cash assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,709,105)	\$ -	\$ (1,709,105)
(1,582,493)	-	(1,582,493)
(66,789)	-	(66,789)
(119,716)	-	(119,716)
(82,947)	-	(82,947)
8,600	-	8,600
35,021	-	35,021
(226,032)	-	(226,032)
(28,000)	-	(28,000)
(1,270)	-	(1,270)
(3,772,731)	-	(3,772,731)
-	(71,696)	(71,696)
-	(122,079)	(122,079)
-	(21,925)	(21,925)
-	(215,700)	(215,700)
(3,772,731)	(215,700)	(3,988,431)
3,108,108	-	3,108,108
71,395	-	71,395
36,609	-	36,609
36,609	-	36,609
253,293	-	253,293
-	30,360	30,360
7,190	10,515	17,705
293,527	-	293,527
3,806,731	40,875	3,847,606
46,920	(46,920)	-
3,853,651	(6,045)	3,847,606
80,920	(221,745)	(140,825)
517,972	1,019,165	1,537,137
\$ 598,892	\$ 797,420	\$ 1,396,312

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH BASIS ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	<u>General</u>	<u>Revolving Loan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 157,359	\$ 221,782	\$ 219,751	\$ 598,892
Total assets	<u>\$ 157,359</u>	<u>\$ 221,782</u>	<u>\$ 219,751</u>	<u>\$ 598,892</u>
Fund cash balances:				
Reserved for encumbrances.	\$ 76,905	\$ -	\$ 4,116	\$ 81,021
Unreserved, undesignated, reported in:				
General fund.	80,454	-	-	80,454
Special revenue funds	-	221,782	201,668	423,450
Debt service funds.	-	-	13,967	13,967
Total fund cash balances	<u>\$ 157,359</u>	<u>\$ 221,782</u>	<u>\$ 219,751</u>	<u>\$ 598,892</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Revolving Loan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:				
Taxes	\$ 3,108,108	\$ -	\$ 144,613	\$ 3,252,721
Intergovernmental	253,293	-	1,978,575	2,231,868
Charges for services	17,149	-	59,584	76,733
License, permits and fees	336,656	-	34,102	370,758
Interest	5,761	-	1,429	7,190
Miscellaneous	293,527	41,417	43,354	378,298
Total cash receipts	<u>4,014,494</u>	<u>41,417</u>	<u>2,261,657</u>	<u>6,317,568</u>
Cash disbursements:				
Current:				
General government	1,842,608	-	58,852	1,901,460
Security of persons and property	1,533,513	-	351,991	1,885,504
Transportation	-	-	1,023,631	1,023,631
Public health services	79,645	-	746,646	826,291
Community environment	-	-	286,797	286,797
Leisure time activities	63,212	-	34,975	98,187
Miscellaneous	-	6,396	-	6,396
Capital outlay	226,032	-	-	226,032
Debt service:				
Principal retirement	28,000	-	-	28,000
Interest and fiscal charges	1,270	-	-	1,270
Total cash disbursements	<u>3,774,280</u>	<u>6,396</u>	<u>2,502,892</u>	<u>6,283,568</u>
 Excess (deficiency) of cash receipts over (under) cash disbursements	 <u>240,214</u>	 <u>35,021</u>	 <u>(241,235)</u>	 <u>34,000</u>
Other financing receipts (disbursements):				
Transfers in	-	-	277,471	277,471
Transfers out	<u>(230,551)</u>	<u>-</u>	<u>-</u>	<u>(230,551)</u>
Total other financing receipts (disbursements)	<u>(230,551)</u>	<u>-</u>	<u>277,471</u>	<u>46,920</u>
 Net change in fund cash balances	 9,663	 35,021	 36,236	 80,920
Fund cash balances				
at beginning of year	<u>147,696</u>	<u>186,761</u>	<u>183,515</u>	<u>517,972</u>
Fund cash balances at end of year	<u>\$ 157,359</u>	<u>\$ 221,782</u>	<u>\$ 219,751</u>	<u>\$ 598,892</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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Budgetary basis receipts:				
Taxes	\$ 3,029,934	\$ 3,029,934	\$ 3,108,108	\$ 78,174
Intergovernmental	246,922	246,922	253,293	6,371
Charges for services	16,718	16,718	17,149	431
License, permits and fees	328,188	328,188	336,656	8,468
Interest	5,616	5,616	5,761	145
Miscellaneous	286,144	286,144	293,527	7,383
Total budgetary basis receipts	<u>3,913,522</u>	<u>3,913,522</u>	<u>4,014,494</u>	<u>100,972</u>
Budgetary basis disbursements:				
Current:				
General government	1,792,518	1,792,518	1,916,810	(124,292)
Security of persons and property	1,530,474	1,530,474	1,536,191	(5,717)
Public health services	55,919	55,919	79,645	(23,726)
Leisure time activities	51,664	51,664	63,237	(11,573)
Capital outlay	304,600	304,600	226,032	78,568
Debt service:				
Principal retirement	-	-	28,000	(28,000)
Interest and fiscal charges	-	-	1,270	(1,270)
Total budgetary basis disbursements.	<u>3,735,175</u>	<u>3,735,175</u>	<u>3,851,185</u>	<u>(116,010)</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements.	<u>178,347</u>	<u>178,347</u>	<u>163,309</u>	<u>(15,038)</u>
Other financing receipts (disbursements):				
Transfers out	<u>(233,769)</u>	<u>(233,769)</u>	<u>(230,551)</u>	<u>3,218</u>
Total other financing receipts (disbursements)	<u>(233,769)</u>	<u>(233,769)</u>	<u>(230,551)</u>	<u>3,218</u>
Net change in fund cash balance	(55,422)	(55,422)	(67,242)	(11,820)
Fund cash balance at beginning of year	113,301	113,301	113,301	-
Prior year encumbrances appropriated	34,395	34,395	34,395	-
Fund cash balance at end of year.	<u>\$ 92,274</u>	<u>\$ 92,274</u>	<u>\$ 80,454</u>	<u>\$ (11,820)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Miscellaneous	\$ -	\$ -	\$ 41,417	\$ 41,417
Total budgetary basis receipts	<u>-</u>	<u>-</u>	<u>41,417</u>	<u>41,417</u>
Budgetary basis disbursements:				
Current:				
Miscellaneous	-	-	6,396	(6,396)
Total budgetary basis disbursements.	<u>-</u>	<u>-</u>	<u>6,396</u>	<u>(6,396)</u>
Net change in fund cash balance	-	-	35,021	35,021
Fund cash balance at beginning of year	<u>186,761</u>	<u>186,761</u>	<u>186,761</u>	<u>-</u>
Fund cash balance at end of year.	<u><u>\$ 186,761</u></u>	<u><u>\$ 186,761</u></u>	<u><u>\$ 221,782</u></u>	<u><u>\$ 35,021</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF NET ASSETS - CASH BASIS
 ENTERPRISE FUNDS
 DECEMBER 31, 2008

	Business-type Activities -Enterprise Funds			
	Sewage Disposal	Sewage Disposal Sinking Fund	Nonmajor Enterprise	Total
Assets:				
Equity in pooled cash and cash equivalents	\$ 140,306	\$ -	\$ 75,019	\$ 215,325
Cash and cash equivalents with fiscal/escrow agents	-	582,095	-	582,095
Total assets.	<u>140,306</u>	<u>582,095</u>	<u>75,019</u>	<u>797,420</u>
Net assets:				
Restricted for debt service.	-	582,095	-	582,095
Unrestricted	140,306	-	75,019	215,325
Total net cash assets.	<u>\$ 140,306</u>	<u>\$ 582,095</u>	<u>\$ 75,019</u>	<u>\$ 797,420</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
NET CASH ASSETS - CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-type Activities - Enterprise Funds			
	Sewage Disposal	Sewage Disposal Sinking Fund	Nonmajor Enterprise	Total
Operating receipts:				
Charges for services	\$ 467,997	\$ 84,842	\$ 210,035	\$ 762,874
Fees and permits	345,601	-	-	345,601
Other	14,505	-	4,585	19,090
Total operating receipts	828,103	84,842	214,620	1,127,565
Operating disbursements:				
Personal services	1,307,278	-	50,635	1,357,913
Materials and supplies	1,248,341	104,273	16,960	1,369,574
Capital outlay	317,842	64,251	168,950	551,043
Total operating disbursements	2,873,461	168,524	236,545	3,278,530
Operating loss	(2,045,358)	(83,682)	(21,925)	(2,150,965)
Nonoperating receipts (disbursements)				
Interest revenue	-	10,515	-	10,515
Proceeds of loans	-	30,360	-	30,360
Grants	1,973,662	54,220	-	2,027,882
Principal retirement	-	(78,592)	-	(78,592)
Interest expense and fiscal charges	-	(14,025)	-	(14,025)
Total nonoperating receipts (disbursements)	1,973,662	2,478	-	1,976,140
Loss before transfers	(71,696)	(81,204)	(21,925)	(174,825)
Transfers out	-	(46,920)	-	(46,920)
Changes in net assets	(71,696)	(128,124)	(21,925)	(221,745)
Net cash assets at beginning of year	212,002	710,219	96,944	1,019,165
Net cash assets at end of year	\$ 140,306	\$ 582,095	\$ 75,019	\$ 797,420

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
AGENCY FUND
DECEMBER 31, 2008**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 147,611
Total assets.	<u>\$ 147,611</u>
Net cash assets:	
Unrestricted	\$ 147,611
Total net cash assets	<u>\$ 147,611</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, 2008

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 cash basis of accounting. This 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 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 –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, 2008

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

The government-wide statement of activities –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, 2008**

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 sinking fund - The sewage disposal 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 storm water 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 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, 2008**

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 Auditor 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 2008, the City's investments were limited to no-load 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 2008 were \$5,761 which includes \$4,281 assigned from other City funds.

CITY OF STRUTHERS, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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 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, 2008**

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 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2008, the City has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the City; however, certain disclosures related to postemployment benefits (see Note 10) have been modified to conform to the new reporting requirements.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the City.

CITY OF STRUTHERS, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Compliance

The City of Struthers did not establish the required Capital Projects (Issue 2) Funds in accordance with Ohio Revised Code Section 5705.09(F). Also the activity of the revolving loan fund was executed through a third party administrator which is contrary to Ohio Revised Code Section 733.46.

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 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.

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.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. 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; and
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.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 \$582,095 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.

B. Deposits with Financial Institutions

At December 31, 2008, the carrying amount of all City deposits was \$797,141 exclusive of the \$525,000 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, 2008, \$412,955 of the City’s bank balance of \$912,955 was exposed to custodial risk as discussed below, while \$500,000 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, 2008, 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	\$ 221,782	\$ 221,782
Repurchase Agreement	<u>525,000</u>	<u>525,000</u>
	<u>\$ 746,782</u>	<u>\$ 746,782</u>

The weighted average maturity of investments is one day.

CITY OF STRUTHERS, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The no-load money market mutual fund was rated AAAM by Standard & Poor's.

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, 2008:

<u>Investment type</u>	<u>Balance at Carrying Value</u>	<u>% of Total</u>
No-Load Money Market		
Mutual Funds	\$ 221,782	29.70
Repurchase Agreement	<u>525,000</u>	<u>70.30</u>
	<u>\$ 746,782</u>	<u>100.00</u>

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2008:

<u>Cash and investments per note above</u>	
Carrying amount of deposits	\$ 797,141
Investments	<u>746,782</u>
Total	<u><u>\$ 1,543,923</u></u>
 <u>Cash and investments per statement of net assets - cash basis</u>	
Governmental activities	\$ 598,892
Business-type activities	797,420
Agency funds	<u>147,611</u>
Total	<u><u>\$ 1,543,923</u></u>

NOTE 5 - LESSEE DISCLOSURE - LEASES

The City entered into a lease agreement for a 2009 International 7400 truck.

The City also has lease agreement for copier equipment and to upgrade the vector/sewer cleaner.

Principal and interest payments in the 2008 fiscal year totaled \$33,615 and \$13,564, respectively. Future lease payments are as follows:

<u>Year Ending December 31</u>	<u>Payment</u>
2009	\$ 68,885
2010	67,352
2011	198,739
2012	21,706
2013	<u>21,706</u>
Total minimum lease payments	378,388
Less: amount representing interest	<u>(44,583)</u>
Present value of future minimum lease payments	<u><u>\$333,805</u></u>

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2008, debt obligations consisted of the following issuances:

Enterprise funds:

Ohio Public Works Commission Loans (OPWC):

Principal outstanding	\$343,492
Interest rate	0%

Ohio Water Development Authority Loans (OWDA):

Principal outstanding	\$ 594,320
Interest rate	2.0 - 3.2

Transactions for the year ended December 31, 2008, are summarized as follows.

	Balance 12/31/07	Proceeds	Payments	Balance 12/31/08	Amounts Due in One Year
<u>Governmental activities:</u>					
Bond anticipation notes	\$ 28,000	\$ -	\$ (28,000)	\$ -	\$ -
Total governmental activities	<u>28,000</u>	<u>-</u>	<u>(28,000)</u>	<u>-</u>	<u>-</u>
<u>Business-type activities:</u>					
OPWC loans	380,442	-	(36,950)	343,492	36,950
OWDA loans	<u>605,602</u>	<u>30,360</u>	<u>(41,642)</u>	<u>594,320</u>	<u>13,491</u>
Total business-type activities	<u>986,044</u>	<u>30,360</u>	<u>(78,592)</u>	<u>937,812</u>	<u>50,441</u>
Grand total	<u>\$ 1,014,044</u>	<u>\$ 30,360</u>	<u>\$ (106,592)</u>	<u>\$ 937,812</u>	<u>\$ 50,441</u>

The bond anticipation notes for the 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 City paid the bond anticipation note in full in 2008.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 6 - DEBT OBLIGATIONS - (Continued)

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
2009	\$ 36,950	-	\$ 36,950
2010	36,950	-	36,950
2011	36,950	-	36,950
2012	36,950	-	36,950
2013	36,950	-	36,950
2014 - 2018	158,742	-	158,742
Totals	<u>\$ 343,492</u>	<u>\$ -</u>	<u>\$ 343,492</u>

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 and design solids handling were not closed as of year-end and are not presented in the future debt schedules below. The principal balance of the OWDA loans are \$312,604 and \$30,061 respectively at December 31, 2008. The following is the future debt service requirements to retire the City's OWDA loans:

Year Ending December 31,	OWDA Loans		
	Principal	Interest	Total
2009	\$ 13,491	\$ 4,966	\$ 18,457
2010	13,762	4,695	18,457
2011	14,038	4,418	18,456
2012	14,321	4,136	18,457
2013	14,609	3,848	18,457
2014 - 2018	77,568	14,716	92,284
2019 - 2023	85,682	6,602	92,284
2024	18,184	273	18,457
Totals	<u>\$ 251,655</u>	<u>\$ 43,654</u>	<u>\$ 295,309</u>

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values are established by State law at 35% of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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. 2008 public utility property taxes which became a lien December 31, 2007, are levied after October 1, 2008 and collected in 2008 real property taxes.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of January 1, 2007. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tangible personal property tax assessment percentage for property, including inventory, was 6.25% for 2008. This percentage will be reduced to zero for 2009. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2008-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The full tax rate for all City operations for the year ended December 31, 2008 was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real property	
Residential/agricultural	\$ 96,240,800
Other real estate	12,530,350
Public utility real and personal property	4,460,180
Tangible personal property	<u>428,007</u>
Total	<u><u>\$ 113,659,337</u></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.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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 2008, the proceeds were allocated to the general fund.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. 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 Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the 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, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2008 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

The City's contribution rate for 2008 was 14.00%, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.40% of covered payroll. For 2008, a portion equal to 7.00% of covered payroll was allocated to fund the post-employment health care plan.

The City's contribution rate for pension benefits for 2008 was 7.00%, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 10.40% of covered payroll. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2008, 2007 and 2006 were \$298,270, \$272,033 and \$258,823, respectively; 91.67% has been contributed for 2008, and 100% for 2007 and 2006. The City contributed \$700 to the member-directed plan for 2008.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 9 - PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. 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 the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. 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 the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2008, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$103,100 and \$80,231 for the year ended December 31, 2008, \$88,041 and \$73,074 for the year ended December 31, 2007 and \$83,915 and \$72,543, for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 73.31% has been contributed for police and 73.31% has been contributed for firefighters for 2008.

NOTE 10 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$149,135, \$108,024 and \$85,015, respectively; 91.67% has been contributed for 2008, and 100% for 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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 the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 10 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$54,583 and \$31,395 for the year ended December 31, 2008, \$58,069 and \$34,851 for the year ended December 31, 2007 and \$55,349 and \$34,597 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 73.31% has been contributed for police and 73.31% has been contributed for firefighters for 2008.

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 \$981.74 per month for family coverage and \$402.00 per month for single coverage. Dental premiums were \$62.80 per month for family coverage and \$22.42 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 6 percent of the family 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.

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 2008, the City obtained insurance through the Ohio Plan for various types of insurance coverage. The coverage limits in effect at December 31, 2008 follows:

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 11 - RISK MANAGEMENT – (Continued)

	<u>Coverage</u>	<u>Deductible</u>
Inland Marine:		\$1,000
Miscellaneous Property	10,000	
Fire/Rescue Equipment	40,000	
Scheduled Equipment	1,411,640	
Terrorism:		5,000
Each occurrence	1,000,000	
Aggregate	3,000,000	
Property	32,862,257	1,000
Boiler	32,592,257	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, 2008

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, 2008, consisted of the following, as reported in the fund financial statements:

<u>Transfer to</u>	Transfer from	
	General	Sewage Disposal Sinking
Nonmajor governmental funds:		
Solid handling belt press fund	\$ -	\$ 46,920
Solid waste fund	14,851	-
Police pension fund	110,700	-
Fire pension fund	70,000	-
Street construction maintenance and repair fund	24,000	-
Elderly van fund	11,000	-
Total	\$ 230,551	\$ 46,920

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 –cash basis.



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 year ended December 31, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 15, 2010 wherein we noted the City uses a comprehensive accounting basis other than generally accepted accounting principles. We qualified our opinion on the Sewage Disposal and Sewage Disposal Sinking Funds because of a restriction on the scope of charges for services reported in business type activities. Except as discussed in the preceding 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*.

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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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: 2008-002 and 2008-004.

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. Of the significant deficiencies described above, we believe findings 2008-002 and 2008-004 are also material weaknesses.

We also noted internal control matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated September 15, 2010.

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 2008-001, 2008-002 and 2008-003.

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 September 15, 2010.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

September 15, 2010

**CITY OF STRUTHERS
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2008-001
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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 2008, 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	2008-002
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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), nor did they record the related revenues of \$355,508 and expenditures of \$355,508. The City's Issue 2 monies went directly from the Ohio Public Works Commission to the appropriate contractor, as is common procedure with Issue 2 funding, and the City did not record these monies coming into the City or being expended to the contractor as required. Consequently, the City also violated Ohio Revised Code Section 5705.41(B) when it failed to appropriate these monies. (The financial statements include the proper adjustments to reflect the Issue 2 project activity within the Capital Projects Fund.)

Finding Number – (Continued)	2008-002
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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.

Officials' Response: The City is working on establishing the required fund and recording these transactions in the future.

Finding Number	2008-003
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Noncompliance Citation - 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. While the City's financial statement compiler did included this activity on the City's year-end financial report (Revolving Loan fund receipts of \$41,417 and disbursements of \$6,396), it was never run through their ledgers.

We recommend the City include the Revolving Loan Fund and related activity, including all receipts and disbursements, on their ledgers. All checks written from the Revolving Loan fund should be written by the City. We also recommend the City budget for this fund as required by Ohio Revised Code Section 5705.

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

Finding Number	2008-004
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Material Weakness

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.

Finding Number – (Continued)	2008-004
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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. (Aqua Utility Services processed \$762,874 in 2008 in utility receipts for the City.) We were therefore unable to satisfy ourselves as to the proper processing of sewer bills and collections.

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, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2007-001	Ohio Administrative Code Section 117-2-03 (B) - The City does not report on GAAP.	No	Reported again as finding 2008-001.
2007-002	Ohio Revised Code Section 5705.09 (F) – The City did not set up a fund for Issue 2 projects.	No	Reported again as finding 2008-002.
2007-003	Ohio Revised Code Section 733.46 – The financial activities are handled by National City Bank, not the City	No	Reported again as finding 2008-003
2007-004	The City has delegated the processing of sewer billings and collections to a third party administrator (TPA) and the City has not established procedures to determine whether the TPA has sufficient controls.	No	Reported again as finding 2008-004

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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
OCTOBER 14, 2010**