



Dave Yost • Auditor of State

**CITY OF STRUTHERS
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying cash-basis 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-Type Activities	Qualified
General Fund	Unmodified
Revolving Loan Fund	Unmodified
Sewage Disposal Fund	Qualified
Sewage Disposal Sinking Fund	Qualified
Storm Water Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions on Business Type Activities and Major Enterprise Funds Sewage Disposal, Sewage Disposal Sinking and Storm Water

We were unable to obtain sufficient appropriate audit evidence about the proper processing of sewer billings and receipts. Those revenues represent 18% of the receipts reported with the business type activities on the Statement of Activities – Cash Basis, as well as 12%, 27% and 98% of revenues in the Sewage Disposal, Sewage Disposal Sinking and Storm Water Funds on the Statement of Receipts, Disbursements and Changes in Net Position – Cash Basis – Enterprise Funds, respectively. The City has outsourced sewer billings and collections to a service organization. The financial statements report sewer billings and collections in the Sewage Disposal, Sewage Disposal Sinking, and Storm Water Funds (enterprise funds). The service organization did not provide us with information we requested regarding the design or proper operation of its internal controls or with certain information regarding charges for services. We were unable to determine whether any adjustments to these amounts were necessary through alternative procedures.

Qualified Opinions

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinions on Business Type Activities and Major Enterprise Funds Sewage Disposal, Sewage Disposal Sinking and Storm Water* paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the business type activities, the Sewage Disposal Fund, Sewage Disposal Sinking Fund, and Storm Water Fund of the City of Struthers, Mahoning County, Ohio as of December 31, 2013, and the respective changes in cash financial position thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the General and Revolving Loan funds, and the aggregate remaining fund information of the City of Struthers, Mahoning County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General and Revolving Loan funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 20, 2016

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CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED

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, 2013, 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 2013 are as follows:

- The total net cash position of the City increased \$799,755. Net cash position of governmental activities increased \$435,769, which represents a 59.86% increase from year 2012. Net cash position of business-type activities increased \$363,986 or 33.38% from year 2012.
- General cash receipts accounted for \$3,664,027 or 67.11% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,795,987 or 32.89% of total governmental activities cash receipts.
- The City had \$5,024,245 in cash disbursements related to governmental activities; \$1,795,987 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$3,664,027 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 had cash receipts and other financing receipts of \$4,095,645 in 2013. The cash disbursements and other financing disbursements of the general fund, totaled \$3,849,567 in 2013. The general fund's cash balance increased \$246,078 from 2012 to 2013.
- The revolving loan fund, a City major fund, had cash receipts of \$137,875 in 2013. The revolving loan fund had cash disbursements of \$1,292 in 2013. The revolving loan fund cash balance increased \$136,583 from 2012 to 2013.
- The City's major enterprise funds are the sewage disposal operating fund, the sewage disposal sinking fund and the storm water fund. Net cash position for the sewage disposal fund increased in 2013 by \$429,923 or 147.73%. Net cash position for the sewage disposal sinking fund decreased in 2013 by \$123,109 or 20.43%. Net cash position for the storm water fund increased in 2013 by \$57,172 or 29.05%.

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 cash position – 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 and revolving loan fund.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED

Reporting the City as a Whole

Statement of net cash position and the statement of activities

The statement of net cash position – cash basis and the statement of activities – cash basis answer the question, “How did we do financially during 2013?” These statements include *only net cash position* 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 cash position and changes in that position on a cash basis. This change in net cash position 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 cash position – 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 transportation, health, security of persons and property, leisure time activities 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 cash position – cash basis and the statement of activities – cash basis can be found on pages 17-19 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 12.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED

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 cash position and fund cash balances or changes in net cash position 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 20-21 of this report.

The City's budgetary process accounts for certain transactions on a cash basis. A budgetary statement for the general fund and revolving loan fund is presented to demonstrate the City's compliance with annually adopted budgets. The budgetary statements can be found on pages 22-23 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 storm water operations. The enterprise fund statements can be found on pages 24-25 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 26.

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 27-45 of this report.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED

Government-Wide Financial Analysis

Recall that the statement of net cash position – cash basis provides the perspective of the City as a whole. The table below provides a summary of the City's net cash position at December 31, 2013 and 2012.

	Net Cash Position					
	<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>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 1,163,782	\$ 1,454,396	\$ 728,013	\$ 1,090,410	\$ 2,618,178	\$ 1,818,423
Total assets	<u>1,163,782</u>	<u>1,454,396</u>	<u>728,013</u>	<u>1,090,410</u>	<u>2,618,178</u>	<u>1,818,423</u>
<u>Net cash position</u>						
Restricted	412,928	479,495	234,555	602,604	892,423	837,159
Unrestricted	<u>750,854</u>	<u>974,901</u>	<u>493,458</u>	<u>487,806</u>	<u>1,725,755</u>	<u>981,264</u>
Total net cash position	<u>\$ 1,163,782</u>	<u>\$ 1,454,396</u>	<u>\$ 728,013</u>	<u>\$ 1,090,410</u>	<u>\$ 2,618,178</u>	<u>\$ 1,818,423</u>

The total net cash position of the City increased \$799,755. Net cash position of governmental activities increased \$435,769, which represents a 59.86% increase from 2012. Net cash position of business-type activities increased \$363,986 or 33.38% from 2012.

The balance of governmental activities unrestricted net cash position of \$750,854 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, 2013
UNAUDITED**

The table below shows the changes in net cash position for fiscal year 2013 and 2012.

	Change in Net Cash Position					
	Governmental Activities 2013	Business-type Activities 2013	Governmental Activities 2012	Business-type Activities 2012	2013 Total	2012 Total
Cash Receipts:						
Program cash receipts:						
Charges for services and sales	\$ 663,716	\$ 3,138,887	\$ 524,181	\$ 2,739,608	\$ 3,802,603	\$ 3,263,789
Operating grants and contributions	1,132,271	299,616	627,675	164,968	1,431,887	792,643
Capital grants and contributions	-	89,641	71,884	338,440	89,641	410,324
Total program cash receipts	1,795,987	3,528,144	1,223,740	3,243,016	5,324,131	4,466,756
General cash receipts:						
Property and other taxes	3,294,616	-	3,180,112	-	3,294,616	3,180,112
Unrestricted grants	219,081	-	271,393	-	219,081	271,393
Loan proceeds	-	577,036	-	154	577,036	154
Investment receipts	-	67	-	303	67	303
Miscellaneous	150,330	-	179,125	-	150,330	179,125
Total general cash receipts	3,664,027	577,103	3,630,630	457	4,241,130	3,631,087
Total cash receipts	5,460,014	4,105,247	4,854,370	3,243,473	9,565,261	8,097,843
Cash Disbursements:						
General government	2,003,151	-	1,921,874	-	2,003,151	1,921,874
Security of persons and property	1,759,661	-	1,720,857	-	1,759,661	1,720,857
Transportation	535,168	-	488,152	-	535,168	488,152
Public health services	32,595	-	136,270	-	32,595	136,270
Leisure time activities	36,414	-	59,712	-	36,414	59,712
Community environment	439,063	-	191,883	-	439,063	191,883
Miscellaneous	1,292	-	53,325	-	1,292	53,325
Capital outlay	216,901	-	235,787	-	216,901	235,787
Sewage disposal	-	2,939,985	-	2,448,277	2,939,985	2,448,277
Sewage disposal sinking	-	658,391	-	585,391	658,391	585,391
Storm water	-	142,885	-	164,773	142,885	164,773
Total cash disbursements	5,024,245	3,741,261	4,807,860	3,198,441	8,765,506	8,006,301
Increase in net position	435,769	363,986	46,510	45,032	799,755	91,542
Change in net cash position	435,769	363,986	46,510	45,032	799,755	91,542
Net cash position at beginning of year	728,013	1,090,410	681,503	1,045,378	1,818,423	1,726,881
Net cash position at end of year	\$ 1,163,782	\$ 1,454,396	\$ 728,013	\$ 1,090,410	\$ 2,618,178	\$ 1,818,423

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED

Governmental Activities

Governmental cash position increased by \$435,769 in 2013 compared to 2012.

General government represents activities related to the governing body as well as activities that directly support City programs. In 2013, general government cash disbursements totaled \$2,003,151, or 39.87% of total governmental cash disbursements. General government programs were supported by \$236,286 in direct charges to users for services and \$73,101 in operating and contributing grants.

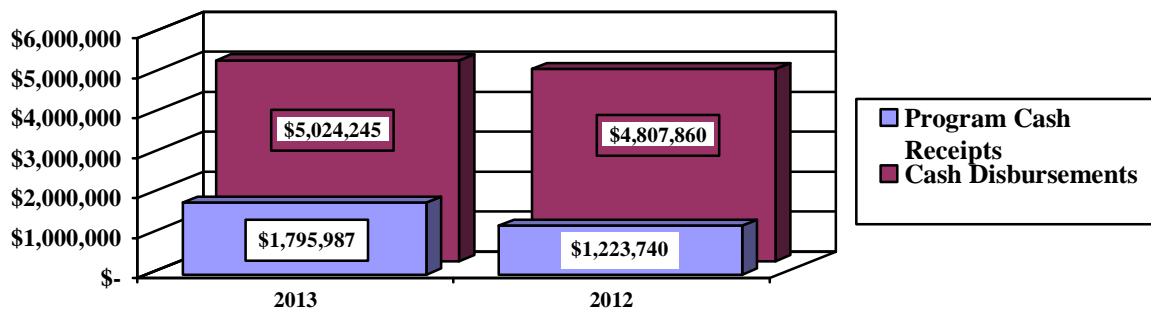
In 2013, the security of persons and property programs accounted for \$1,759,661 or 35.02% of total government cash disbursements. Security of persons and property programs were supported by \$290,452 in direct uses charge and \$9,042 in operating and contributing grants.

In 2013, the public health service programs accounted for \$32,595 or 0.65% of total government cash disbursements. Public health service program cash disbursements were 318.07% lower in 2013 due to the completion of the CASTLO industrial park clean up in 2012. Public health service programs were supported by \$17,845 in operating and contributing grants.

In 2013, community environment cash disbursements increased 128.82% and operating grants and contribution receipts increased 80.39% from 2012. This was due to an increase in receipts and disbursements in both the CDBG and CHIP funds.

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 2013 and 2012. 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

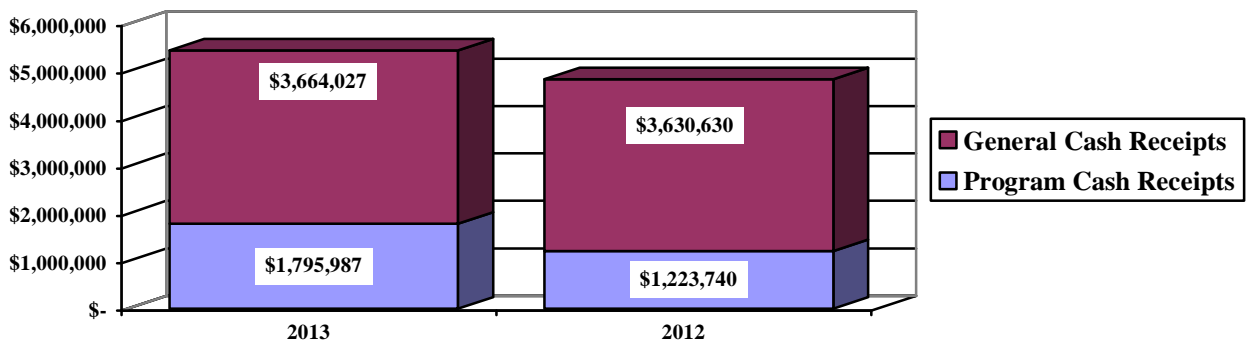
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED

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 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
Cash disbursements:				
Current:				
General government	\$ 2,003,151	\$ 1,693,764	\$ 1,921,874	\$ 1,686,575
Security of persons and property	1,759,661	1,460,167	1,720,857	1,451,903
Transportation	535,168	34,866	488,152	65,953
Public health services	32,595	14,750	136,270	11,706
Leisure time activities	36,414	19,964	59,712	43,354
Community environment	439,063	(75,571)	191,883	125,064
Miscellaneous	1,292	1,292	53,325	53,325
Revolving fund loans	-	(137,875)	-	(17,663)
Capital outlay	216,901	216,901	235,787	163,903
Total	<u>\$ 5,024,245</u>	<u>\$ 3,228,258</u>	<u>\$ 4,807,860</u>	<u>\$ 3,584,120</u>

The dependence upon general cash receipts for governmental activities is apparent; with 67.93% of cash disbursements supported through taxes and other general cash receipts during 2013.

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 \$4,105,247 and cash disbursements of \$3,741,261 for 2013. The change in operating grants and contributions and capital grants and contributions is due to a decrease in on behalf payments from 2012. The net cash position of the programs increased \$363,986 from 2012.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED

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 \$1,163,782, which is \$435,769 higher than last year's total of \$728,013. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2013 and December 31, 2012, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2013</u>	<u>Fund Cash Balance</u> <u>December 31, 2012</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
General	\$ 719,286	\$ 473,208	\$ 246,078
Revolving loan	188,906	52,323	136,583
Other nonmajor governmental funds	<u>255,590</u>	<u>202,482</u>	<u>53,108</u>
Total	<u>\$ 1,163,782</u>	<u>\$ 728,013</u>	<u>\$ 435,769</u>

General Fund

The general fund, the City's largest major fund, had cash receipts and cash disbursements of \$4,080,645 and \$3,616,567, respectively, in 2013. These amounts exclude other financing receipts and other financing disbursements, which consisted of \$15,000 advances in and transfers out of \$233,000 in 2013. The general fund's cash balance increased \$246,078 from 2012 to 2013.

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

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
Cash Receipts:				
Taxes	\$ 3,243,384	\$ 3,060,116	\$ 183,268	5.99 %
Intergovernmental	207,207	259,537	(52,330)	(20.16) %
Charges for services	5,669	5,427	242	4.46 %
License, permits and fees	474,055	430,921	43,134	10.01 %
Miscellaneous	<u>150,330</u>	<u>175,425</u>	<u>(25,095)</u>	<u>(14.31) %</u>
Total	<u>\$ 4,080,645</u>	<u>\$ 3,931,426</u>	<u>\$ 149,219</u>	3.80 %

Intergovernmental revenues decreased due to a decrease in local government and estate tax revenues. All other 2013 receipts remained consistent with 2012.

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED

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

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase/</u> <u>Decrease</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>				
General government	\$ 1,898,874	\$ 1,842,438	\$ 56,436	3.06 %
Security of persons and property	1,469,517	1,473,519	(4,002)	(0.27) %
Leisure time activity	31,275	46,645	(15,370)	(32.95) %
Capital outlay	<u>216,901</u>	<u>163,903</u>	<u>52,998</u>	32.33 %
Total	<u>\$ 3,616,567</u>	<u>\$ 3,526,505</u>	<u>\$ 90,062</u>	2.55 %

The City closely monitored spending and implemented cost savings when possible. There was a small increase in cash disbursements in the general fund of \$90,062. The decrease in leisure time activities was due to a decrease in care taker expenditures. All other 2013 expenditures remained consistent with 2012.

Revolving Loan Fund

The revolving loan fund, a City major fund, had cash receipts of \$137,875 in 2013. The revolving loan fund had cash disbursements of \$1,292 in 2013. The revolving loan fund cash balance increased \$136,583 from 2012 to 2013 due to loan activity which occurred in 2013.

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 2013, final budget basis receipts and other financing receipts for the general fund were \$3,750,086 and original budget basis receipts and other financing receipts were \$3,650,107. Actual cash receipts and other financing receipts of \$4,095,645 were more than final budget estimates by \$345,559. The original budgetary basis disbursements and other financing disbursements were \$3,963,012 and final budgetary basis disbursements and other financing disbursements were \$3,964,012. The actual budgetary basis disbursements and other financing disbursements of \$3,889,047 were \$74,965 less than the final budget estimates.

Enterprise Funds

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

The City's enterprise funds reported a combined net cash position of \$1,454,396, which is \$363,986 more than last year's total of \$1,090,410.

The schedule below indicates the net cash position and the total change in net cash position as of December 31, 2013 and December 31, 2012, for all major and nonmajor enterprise funds:

	<u>Fund Cash Balance</u> <u>December 31, 2013</u>	<u>Fund Cash Balance</u> <u>December 31, 2012</u>	<u>Increase</u> <u>(Decrease)</u>
Major funds:			
Sewage disposal	\$ 720,943	\$ 291,020	\$ 429,923
Sewage disposal sinking	479,495	602,604	(123,109)
Storm water	<u>253,958</u>	<u>196,786</u>	<u>57,172</u>
Total	<u>\$ 1,454,396</u>	<u>\$ 1,090,410</u>	<u>\$ 363,986</u>

CITY OF STRUTHERS, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013 UNAUDITED

Sewage Disposal Fund

The sewage disposal fund, a City major fund, had operating cash receipts of \$2,792,872 and operating cash disbursements of \$2,939,985 during 2013. The sewage disposal fund had \$577,036 in non-operating cash receipts. The sewage disposal fund's net cash position increased \$429,923 during 2013 from \$291,020 to \$720,943.

Sewage Disposal Sinking Fund

The sewage disposal sinking fund, a City major fund, had operating cash receipts of \$145,958 and operating cash disbursements of \$416,192 during 2013. The sewage disposal sinking fund had \$389,324 in non-operating cash receipts and \$242,199 in non-operating disbursements (principal and interest payments on loans). The sewage disposal sinking fund's net cash position decreased \$123,109 during 2013 from \$602,604 to \$479,495.

Storm Water Fund

The storm water fund, a City major fund, had operating cash receipts of \$200,057 and operating cash disbursements of \$142,885 during 2013. The storm water fund's net cash position increased \$57,172 during 2013 from \$196,786 to \$253,958.

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 \$888,743 (both governmental activities and business-type activities) during 2013.

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 capital lease obligations in the amount of \$12,680 outstanding at December 31, 2013.

In the business-type activities, the City has OWDA loans and OPWC loans outstanding at December 31, 2013. These loans are being repaid from resources of the enterprise operations. Principal payments in 2013 were \$183,393 related to these obligations. The balance of the OWDA and OPWC loans at December 31, 2013 were \$1,977,510 and \$673,960, respectively.

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 2013:

The City is located in Mahoning County, Ohio, which has an unemployment rate currently of 7.6%, compared to the 6.6% state average and the 6.7% national average.

CITY OF STRUTHERS, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

These economic factors were considered in preparing the City's budget for 2014. Budgeted revenues and other financing sources in the general fund for fiscal year 2014 are \$3,724,881. 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. Christina Bohl, Auditor, City of Struthers, 6 Elm Street, Struthers, Ohio 44471.

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CITY OF STRUTHERS, OHIO

STATEMENT OF NET POSITION - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 1,163,782	\$ 1,454,396	\$ 2,618,178
 Total assets.	<u>1,163,782</u>	<u>1,454,396</u>	<u>2,618,178</u>
 Net cash position:			
Restricted for:			
Transportation projects	80,595	-	80,595
Public health services	84,417	-	84,417
General government operations	13,679	-	13,679
Security of persons and property programs . .	30,053	-	30,053
Revolving loan program.	188,906	-	188,906
Community environment projects	13,407	-	13,407
Debt service	1,871	479,495	481,366
Unrestricted.	<u>750,854</u>	<u>974,901</u>	<u>1,725,755</u>
 Total net cash position	<u>\$ 1,163,782</u>	<u>\$ 1,454,396</u>	<u>\$ 2,618,178</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Current:				
General government	\$ 2,003,151	\$ 236,286	\$ 73,101	\$ -
Security of persons and property.	1,759,661	290,452	9,042	-
Transportation	535,168	-	500,302	-
Public health services.	32,595	-	17,845	-
Leisure time activities	36,414	16,450	-	-
Community environment	439,063	-	514,634	-
Miscellaneous	1,292	-	-	-
Revolving fund loans.	-	120,528	17,347	-
Capital outlay.	216,901	-	-	-
Total governmental activities . . .	5,024,245	663,716	1,132,271	-
Business-type activities:				
Sewage disposal	2,939,985	2,792,872	-	-
Sewage disposal sinking.	658,391	145,958	299,616	89,641
Storm water	142,885	200,057	-	-
Total business-type activities . . .	3,741,261	3,138,887	299,616	89,641
Totals	\$ 8,765,506	\$ 3,802,603	\$ 1,431,887	\$ 89,641

General cash receipts:

Property and income taxes for:

- General purposes
- 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

Change in net cash position

Net cash position at beginning of year.

Net cash position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,693,764)	\$ -	\$ (1,693,764)
(1,460,167)	-	(1,460,167)
(34,866)	-	(34,866)
(14,750)	-	(14,750)
(19,964)	-	(19,964)
75,571	-	75,571
(1,292)	-	(1,292)
137,875	-	137,875
(216,901)	-	(216,901)
<u>(3,228,258)</u>	<u>-</u>	<u>(3,228,258)</u>
-	(147,113)	(147,113)
-	(123,176)	(123,176)
-	57,172	57,172
-	(213,117)	(213,117)
<u>(3,228,258)</u>	<u>(213,117)</u>	<u>(3,441,375)</u>
3,243,384	-	3,243,384
25,616	-	25,616
25,616	-	25,616
219,081	-	219,081
-	577,036	577,036
-	67	67
150,330	-	150,330
<u>3,664,027</u>	<u>577,103</u>	<u>4,241,130</u>
435,769	363,986	799,755
728,013	1,090,410	1,818,423
<u>\$ 1,163,782</u>	<u>\$ 1,454,396</u>	<u>\$ 2,618,178</u>

CITY OF STRUTHERS, OHIO

STATEMENT OF CASH BASIS ASSETS AND FUND CASH BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$ 719,286	\$ 188,906	\$ 255,590	\$ 1,163,782
Total assets	<u>\$ 719,286</u>	<u>\$ 188,906</u>	<u>\$ 255,590</u>	<u>\$ 1,163,782</u>
Fund cash balances:				
Restricted:				
Transportation projects	\$ -	\$ -	\$ 80,595	\$ 80,595
Public health services	-	-	84,417	84,417
General government operations	-	-	13,679	13,679
Security of persons and property programs	-	-	30,053	30,053
Revolving loan program	-	188,906	-	188,906
Community environment projects	-	-	13,407	13,407
Debt service	-	-	1,871	1,871
Committed:				
Transportation projects	-	-	1,202	1,202
Leisure time activities	-	-	19,366	19,366
Underground storage tanks	-	-	11,000	11,000
Assigned:				
Encumbrances - general government	35,430	-	-	35,430
Encumbrances - security of persons and property	4,050	-	-	4,050
Subsequent year appropriations	471,446	-	-	471,446
Unassigned	<u>208,360</u>	<u>-</u>	<u>-</u>	<u>208,360</u>
Total fund cash balances	<u>\$ 719,286</u>	<u>\$ 188,906</u>	<u>\$ 255,590</u>	<u>\$ 1,163,782</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, 2013

	General	Revolving Loan	Other Governmental Funds	Total Governmental Funds
Cash receipts:				
Taxes	\$ 3,243,384	\$ -	\$ 51,232	\$ 3,294,616
Intergovernmental	207,207	-	1,109,223	1,316,430
Charges for services	5,669	-	52,159	57,828
License, permits and fees	474,055	-	11,305	485,360
Interest	-	1,018	-	1,018
Principal received	-	120,528	-	120,528
Miscellaneous	150,330	16,329	17,575	184,234
Total cash receipts	4,080,645	137,875	1,241,494	5,460,014
Cash disbursements:				
Current:				
General government	1,898,874	-	104,277	2,003,151
Security of persons and property	1,469,517	-	290,144	1,759,661
Transportation	-	-	535,168	535,168
Public health services	-	-	32,595	32,595
Community environment	-	-	439,063	439,063
Leisure time activities	31,275	-	5,139	36,414
Miscellaneous	-	1,292	-	1,292
Capital outlay	216,901	-	-	216,901
Total cash disbursements	3,616,567	1,292	1,406,386	5,024,245
Excess (deficiency) of cash receipts over (under) cash disbursements	464,078	136,583	(164,892)	435,769
Other financing receipts (disbursements):				
Advances in	15,000	-	-	15,000
Advances out	-	-	(15,000)	(15,000)
Transfers in	-	-	233,000	233,000
Transfers out	(233,000)	-	-	(233,000)
Total other financing receipts (disbursements)	(218,000)	-	218,000	-
Net change in fund cash balances	246,078	136,583	53,108	435,769
Fund cash balances				
at beginning of year	473,208	52,323	202,482	728,013
Fund cash balances at end of year	\$ 719,286	\$ 188,906	\$ 255,590	\$ 1,163,782

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 2,889,262	\$ 2,968,726	\$ 3,243,384	\$ 274,658
Intergovernmental	184,583	189,660	207,207	17,547
Charges for services	5,050	5,189	5,669	480
License, permits and fees	422,296	433,911	474,055	40,144
Miscellaneous	133,916	137,600	150,330	12,730
Total budgetary basis receipts	<u>3,635,107</u>	<u>3,735,086</u>	<u>4,080,645</u>	<u>345,559</u>
Budgetary basis disbursements:				
Current:				
General government	2,055,163	2,101,323	1,934,304	167,019
Security of persons and property	1,353,931	1,326,241	1,473,567	(147,326)
Public health services	30,000	30,000	-	30,000
Leisure time activities	33,000	30,800	216,901	(186,101)
Capital outlay	220,500	219,230	31,275	187,955
Total budgetary basis disbursements	<u>3,692,594</u>	<u>3,707,594</u>	<u>3,656,047</u>	<u>51,547</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements.	<u>(57,487)</u>	<u>27,492</u>	<u>424,598</u>	<u>397,106</u>
Other financing receipts (disbursements):				
Advances in	15,000	15,000	15,000	-
Transfers out	<u>(270,418)</u>	<u>(256,418)</u>	<u>(233,000)</u>	<u>23,418</u>
Total other financing receipts (disbursements)	<u>(255,418)</u>	<u>(241,418)</u>	<u>(218,000)</u>	<u>23,418</u>
Net change in fund cash balance	(312,905)	(213,926)	206,598	420,524
Fund cash balance at beginning of year	417,127	417,127	417,127	-
Prior year encumbrances appropriated	<u>56,081</u>	<u>56,081</u>	<u>56,081</u>	<u>-</u>
Fund cash balance at end of year.	<u>\$ 160,303</u>	<u>\$ 259,282</u>	<u>\$ 679,806</u>	<u>\$ 420,524</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Interest	\$ -	\$ -	\$ 1,018	\$ 1,018
Principal received	6,000	6,000	120,528	114,528
Miscellaneous	-	-	16,329	16,329
Total budgetary basis receipts	<u>6,000</u>	<u>6,000</u>	<u>137,875</u>	<u>131,875</u>
Budgetary basis disbursements:				
Current:				
Miscellaneous	15,000	16,317	1,292	15,025
Total budgetary basis disbursements.	<u>15,000</u>	<u>16,317</u>	<u>1,292</u>	<u>15,025</u>
Net change in fund cash balance	(9,000)	(10,317)	136,583	146,900
Fund cash balance at beginning of year	<u>52,323</u>	<u>52,323</u>	<u>52,323</u>	<u>-</u>
Fund cash balance at end of year.	<u>\$ 43,323</u>	<u>\$ 42,006</u>	<u>\$ 188,906</u>	<u>\$ 146,900</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF NET POSITION - CASH BASIS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities -Enterprise Funds			Total
	Sewage Disposal	Sewage Disposal Sinking Fund	Storm Water	
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 720,943	\$ 479,495	\$ 253,958	\$ 1,454,396
Total assets.	<u>720,943</u>	<u>479,495</u>	<u>253,958</u>	<u>1,454,396</u>
Net cash position:				
Restricted for debt service.	-	479,495	-	479,495
Unrestricted	<u>720,943</u>	<u>-</u>	<u>253,958</u>	<u>974,901</u>
Total net cash position	<u>\$ 720,943</u>	<u>\$ 479,495</u>	<u>\$ 253,958</u>	<u>\$ 1,454,396</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
NET POSITION - CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Sewage Disposal	Sewage Disposal Sinking Fund	Storm Water	Total
Operating receipts:				
Charges for services	\$ 2,180,568	\$ 145,958	\$ 200,057	\$ 2,526,583
Tap-in fees	528,958	-	-	528,958
Other	83,346	-	-	83,346
Total operating receipts	<u>2,792,872</u>	<u>145,958</u>	<u>200,057</u>	<u>3,138,887</u>
Operating disbursements:				
Personal services	1,181,479	-	17,623	1,199,102
Materials and supplies	1,033,914	-	17,168	1,051,082
Capital outlay	724,592	416,192	108,094	1,248,878
Total operating disbursements	<u>2,939,985</u>	<u>416,192</u>	<u>142,885</u>	<u>3,499,062</u>
Operating income (loss)	<u>(147,113)</u>	<u>(270,234)</u>	<u>57,172</u>	<u>(360,175)</u>
Nonoperating receipts (disbursements)				
Interest revenue	-	67	-	67
Loan proceeds	577,036	-	-	577,036
Grants	-	389,257	-	389,257
Principal retirement	-	(183,393)	-	(183,393)
Interest expense and fiscal charges	-	(58,806)	-	(58,806)
Total nonoperating receipts (disbursements)	<u>577,036</u>	<u>147,125</u>	<u>-</u>	<u>724,161</u>
Changes in net cash position	429,923	(123,109)	57,172	363,986
Net cash position at beginning of year	<u>291,020</u>	<u>602,604</u>	<u>196,786</u>	<u>1,090,410</u>
Net cash position at end of year	<u>\$ 720,943</u>	<u>\$ 479,495</u>	<u>\$ 253,958</u>	<u>\$ 1,454,396</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF STRUTHERS, OHIO

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 219,478
Total assets.	<u>\$ 219,478</u>
Net cash position:	
Unrestricted	\$ 219,478
Total net cash position	<u>\$ 219,478</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, 2013

NOTE 1 - DESCRIPTION OF THE CITY

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 position - cash basis and a statement of activities - cash basis, 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, 2013

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 nonexchange 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, 2013

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.

Storm water fund - The storm water fund accounts for waste treatments to the residential and commercial users located within the City. The costs of providing these services are financed primarily through user charges.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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, 2013

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 was 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 2013, the City's investments were limited to no-load money market mutual funds. Investments are reported at cost.

Investment procedures are restricted by provisions of the Ohio Revised Code. There were no interest receipts credited to the general fund during 2013.

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

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

CITY OF STRUTHERS, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

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 Position

Net position is reported as restricted when there are limitations imposed on its 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 position is 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.

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.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

O. Fund Cash Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 2013.

CITY OF STRUTHERS, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the City has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the City.

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements; GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" and GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*". The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the City.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a 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 position/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.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 items (1) or (2) above 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;

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2013, the carrying amount of all City deposits was \$2,648,750. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2013, \$2,445,236 of the City's bank balance of \$2,778,758 was exposed to custodial risk as discussed below, while \$333,522 was covered by the FDIC.

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.

B. Investments

As of December 31, 2013, the City had the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u> 6 months or less
No load money market mutual funds	\$ 188,906	\$ 188,906

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, 2013

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 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. 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 Treasurer 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, 2013:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
No load money market mutual funds	\$ 188,906	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position - 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 position as of December 31, 2013:

<u>Cash and investments per note above</u>	
Carrying amount of deposits	\$ 2,648,750
Investment	188,906
Total	<u>\$ 2,837,656</u>
 <u>Cash and investments per statement of net position - cash basis</u>	
Governmental activities	\$ 1,163,782
Business-type activities	1,454,396
Agency funds	219,478
Total	<u>\$ 2,837,656</u>

NOTE 5 - LESSEE DISCLOSURE - LEASES

In previous years, the City entered into lease agreements for a 2009 International 7400 truck and lease agreements for copier equipment.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5 - LESSEE DISCLOSURE - LEASES - (Continued)

Principal and interest payments in the 2013 totaled \$23,406 and \$2,152, respectively. Future lease payments are as follows:

<u>Year Ending December 31</u>	<u>Payment</u>
2014	\$ 3,852
2015	3,852
2016	3,852
2017	<u>3,210</u>
Total minimum lease payments	14,766
Less: amount representing interest	<u>(2,086)</u>
Present value of future minimum lease payments	<u>\$ 12,680</u>

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2013, debt obligations consisted of the following issuances:

Enterprise funds:

Ohio Public Works Commission Loans (OPWC):

Principal outstanding	\$ 673,960
Interest rate	0%

Ohio Water Development Authority Loans (OWDA):

Principal outstanding	\$ 1,977,510
Interest rate	0.2 - 5.45%

Transactions for the year ended December 31, 2013, are summarized as follows:

	<u>Balance 12/31/12</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance 12/31/13</u>	<u>Amounts Due in One Year</u>
<u>Business-type activities:</u>					
OPWC loans	\$ 731,459	\$ -	\$ (57,499)	\$ 673,960	\$ 57,498
OWDA loans	<u>1,526,368</u>	<u>577,036</u>	<u>(125,894)</u>	<u>1,977,510</u>	<u>57,904</u>
Total	<u>\$ 2,257,827</u>	<u>\$ 577,036</u>	<u>\$ (183,393)</u>	<u>\$ 2,651,470</u>	<u>\$ 115,402</u>

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 6 - DEBT OBLIGATIONS - (Continued)

The City has five OPWC loans for wastewater treatment plant improvements. The following is the future debt service requirements to retire the City's OPWC loans:

Year Ending December 31,	OPWC Loan		
	Principal	Interest	Total
2014	\$ 57,498	\$ -	\$ 57,498
2015	52,556	-	52,556
2016	47,613	-	47,613
2017	47,614	-	47,614
2018	47,612	-	47,612
2019 - 2023	129,807	-	129,807
2024 - 2028	102,740	-	102,740
2029 - 2033	93,478	-	93,478
2034 - 2038	79,584	-	79,584
2039 - 2041	<u>15,458</u>	<u>-</u>	<u>15,458</u>
Totals	<u>\$ 673,960</u>	<u>\$ -</u>	<u>\$ 673,960</u>

The City has seven OWDA loans for wastewater treatment plant improvements and construction and rehabilitation to sanitary sewers. Revenue of the utility facilities has 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. Four OWDA loans were not closed as of year end and are not presented in the future debt schedules below. The principal balance of the open OWDA loans is \$844,876 at December 31, 2013. The following is the future debt service requirements to retire the City's OWDA loans:

Year Ending December 31,	OWDA Loans		
	Principal	Interest	Total
2014	\$ 58,757	\$ 49,647	\$ 108,404
2015	61,230	47,176	108,406
2016	63,813	44,591	108,404
2017	66,518	41,887	108,405
2018	69,347	39,057	108,404
2019 - 2023	393,995	148,027	542,022
2024 - 2028	410,885	57,311	468,196
2029	<u>8,089</u>	<u>221</u>	<u>8,310</u>
Totals	<u>\$ 1,132,634</u>	<u>\$ 427,917</u>	<u>\$ 1,560,551</u>

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 7 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2013 (other than public utility property) represent the collection of calendar year 2013 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2013 were levied after October 1, 2012, on the value as of December 31, 2012. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on telephone and telecommunications property was eliminated in calendar year 2012. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2011-2012, the City was fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Struthers. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes represent real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies.

The full tax rate for all City operations for the year ended December 31, 2013 was \$4.00 per \$1,000 of assessed value. The assessed values of real and tangible personal property for 2013 property tax were as follows:

Real Property

Residential/agricultural	\$ 87,697,610
Commercial/industrial/mineral	13,261,690
Public utility personal property	<u>4,960,900</u>
Total assessed value	<u>\$ 105,920,200</u>

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013, the income tax was received in the general fund.

NOTE 9 - 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.

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 which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members. The City's contribution rate for 2013 was 14.00% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2013 was 13.00%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$230,174, \$154,905, and \$154,866, respectively; 91.51% has been contributed for 2013 and 100% has been contributed for 2012 and 2011.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 or by visiting the website at www.op-f.org.

Funding Policy - From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.00% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, the City was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2013, the portion of the City's contributions to fund pension obligations was 14.81% for January 1, 2013 through May 31, 2013 and 16.65% for June 1, 2013 through December 31, 2013 for police officers and 19.31% for January 1, 2013 through May 31, 2013 and 21.15% for June 1, 2013 through December 31, 2013 for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$110,861 and \$90,444 for the year ended December 31, 2013, \$91,935 and \$74,830 for the year ended December 31, 2012, and \$91,583 and \$75,209, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 92.12% has been contributed for police and 92.35% has been contributed for firefighters for 2013.

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.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 10 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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 Section 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, local government employers contributed 14.00% of covered payroll. 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 portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

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, 2013, 2012, and 2011 were \$17,698, \$117,883, and \$117,854, respectively; 91.51% has been contributed for 2013 and 100% has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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.

CITY OF STRUTHERS, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 10 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 or by visiting the website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. 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.

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$25,695 and \$16,089 for the year ended December 31, 2013, \$48,672 and \$29,281 for the year ended December 31, 2012, and \$48,485 and \$29,429, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 92.12% has been contributed for police and 92.35% has been contributed for firefighters for 2013.

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 Cigna. Medical premiums were \$1,505.05 for family coverage, \$1,071.85 for employee spouse coverage, \$820.87 for employee child coverage and \$490.09 for single coverage. Dental premiums were \$56.00 for all plans. Vision premiums were \$15.79 for family coverage, \$11.24 employee spouse coverage, \$8.65 for employee child coverage and \$5.12 for single coverage. Employees are required to pay 17 percent of the family premium each month and the City pays the remainder.

CITY OF STRUTHERS, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 11 - RISK MANAGEMENT - (Continued)

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 2013, the City obtained insurance through the Ohio Plan for various types of insurance coverage

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.

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 party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

NOTE 13 - INTERFUND TRANSACTIONS

- A. Advances in and out for the year ended December 31, 2013, consisted of the following, as reported in the fund financial statements:

<u>Advance In</u>	<u>Advance Out</u>	
General fund	Court improvement fund	<u>\$ 15,000</u>

Interfund advances between governmental activities are eliminated on the government-wide statement of activities - cash basis.

CITY OF STRUTHERS, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 13 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund transfers for the year ended December 31, 2013, consisted of the following, as reported in the fund financial statements:

	<u>Transfer from</u>
	<u>General</u>
<u>Transfer to</u>	
Elderly van fund	\$ 13,000
Police disability fund	126,000
Fire disability fund	80,000
Solid waste fund	<u>14,000</u>
Total	<u>\$ 233,000</u>

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

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

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2013, the encumbrances outstanding at year end (budgetary basis) amounted to \$39,480 for the general fund.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis 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, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 20, 2016 wherein we noted the City uses a special purpose framework other than generally accepted accounting principles. We also qualified our opinion on the Business Type Activities, Sewage Disposal, Sewage Disposal Sinking, and Storm Water Funds because of a restriction on the scope of charges for services receipts.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. We consider finding 2013-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-003 described in the accompanying schedule of findings to be a significant deficiency.

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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 and 2013-003.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

October 20, 2016

**CITY OF STRUTHERS
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2013-001
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Noncompliance Citation – Filing GAAP Financial Statements

Ohio Rev. 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 Admin. Code § 117-2-03 (B) requires the City to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). For 2013, 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 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.

In addition, the City did not file the cash basis statements with the auditor of state within the 60 days as required. The statements should have been filed by March 3, 2014, but were not filed with the auditor of state until June 24, 2014.

We recommend the City prepare its financial statements in accordance with GAAP. In addition, we recommend the City file its cash basis statements within the 60 day requirement.

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

Finding Number	2013-002
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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 2013-002
(Continued)**

Evidence regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billings receipts is not available. (Aqua Utility Services processed \$729,821 in 2013 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 of Standards for Attestation Engagements No. 16, Reporting on Controls at a Service Organization (SSAE 16), prescribes standards for reporting on service organizations. An unqualified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Control (Type 2 SOC 1 Report) in accordance with SSAE 16 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 require a Type Two SOC 1 report or Agreed Upon Procedures report in its contract with Aqua Utility Services. The City should review the SOC 1 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 has obtained read-only access to various reports and information on Aqua's computer system related to the City's billing. This access should provide the City with some ability to gain assurances over completeness and accuracy.

Finding Number	2013-003
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Noncompliance Citation / Significant Deficiency – Court Cash Reconciliation

Ohio Admin. Code § 117-2-02 (A) indicates all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

During the review of criminal and civil bank accounts and other financial documentation, we noted many of the bank reconciliations did not include complete lists of outstanding checks and none of the reconciliations contained evidence that supported the Court's cash balance as of December 31, 2013. There was very little evidence the Clerk of Court compared the adjusted bank balance to the Court's book balances and ensured accurate reporting.

**Finding Number 2013-003
(Continued)**

According to the Clerk of Courts, there is uncertainty involved in the cash reconciliations process for several reasons listed below:

- Unclaimed funds including checks returned to the City are not voided and given to the City Treasury.
- Bank fees are not withheld from funds before disbursement to the Treasury.

For the Criminal bank account, no reconciliations were performed for the year under audit. After discussion with the Clerk of Courts, the City hired Henschen and Associates which is the Court Software Company to assist the City in preparing the reconciliation for 2013. After completion of the reconciliation by Henschen and Associates, the City's reconciliation showed a book over bank variance of \$3,323 at December 31, 2013. This variance was consistent for all 12 months under audit which would indicate that the variance was from previous years.

For the Civil Bank Account, no formal reconciliations were performed for the year under audit. While the Civil Court Clerk does verify the receipts posted to the system to insure the proper checks are written at the end of the month, and reviews the monthly bank statements to verify the checks that cleared the bank, she does not perform a detailed reconciliation. Most of the monies collected by the Civil Courts are disbursed at months end. The Clerk does have a listing of outstanding checks at year end and using this amount the determination was made that the bank balance was greater than the book balance by \$387 at December 31, 2013.

By not establishing appropriate controls over the Municipal Court cash reconciliation process there is an increased risk of these cash resources being exposed to waste, fraud, or misuse of public resources. Further the Courts may experience difficulty proving to the public these funds are being used to satisfy all legislative obligations in their distribution to the other entities the City is collecting fines and fees for.

The Clerk of Courts should perform monthly bank reconciliations based on the adjusted book balance provided as of the December 31, 2013 balance sheet date and ensure this book balance is the starting point for future reconciliations that are being reported to Council each month.

Officials' Response: The Clerk of Courts is working on improving the reconciliation process in the Courts.

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**CITY OF STRUTHERS
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Administrative Code Section 117-2-03 (B) – The City does not report on GAAP.	No	Reported again as finding 2013-001.
2012-002	Ohio Revised Code Section 5705.09 (F) – The City did not set up a fund for Issue 2 projects.	Yes	Finding no longer valid, the City did not have any Issue 2 projects on 2013.
2012-003	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 2013-002.
2012-004	Recommendation for the City to develop internal control which will ensure safeguarding cash collections.	No	Partially corrected, this comment will be issued as a management letter comment in 2013.
2012-005	Ohio Administrative Code Section 117-2-02 – The Clerk of Courts should perform monthly bank reconciliations.	No	Reported again as finding 2013-003.

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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
NOVEMBER 10, 2016**