



Dave Yost • Auditor of State



**CITY OF ST. CLAIRSVILLE  
BELMONT COUNTY**

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CITY OF ST. CLAIRSVILLE  
BELMONT COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of St. Clairsville  
Belmont County  
100 North Market Street  
P.O. Box 537  
St. Clairsville, Ohio 43950

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Police and Community Housing Improvement Program Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The Federal Awards Expenditures Schedule (the Schedule) provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

August 15, 2011

**City of St. Clairsville**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2010*  
(Unaudited)

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The discussion and analysis of the City of St. Clairsville's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

***Financial Highlights***

Key financial highlights for 2010 are as follows:

- General Revenues accounted for \$1,697,559 in revenue or 61.1 percent of all revenues, excluding transfers, for governmental activities and \$67,349 or 1.0 percent of all revenues in business-type activities. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$1,081,079 or 38.9 percent of total revenues of \$2,778,638 for governmental activities. Business-type accounted for \$6,357,620 of program specific revenues or 99.0 percent of total revenues of \$6,424,969.
- Total program expenses were \$10,090,854, \$2,676,305 in governmental activities and \$7,414,549 in business-type activities.
- In total, net assets decreased \$887,247. Net assets of governmental activities increased \$264,433. Net assets of business-type activities decreased \$1,151,680 from 2009.
- Outstanding debt, including capital leases, decreased from \$8,350,886 in 2009 to \$8,047,239 in 2010. This decrease was a result of principal payments during the year.

***Using this Annual Financial Report***

This report is designed to allow the reader to look at the financial activities of the City as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City operations, as they prefer.

The Statement of Net Assets and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2010 and how they affected the operations of the City as a whole.

***Reporting the City of St. Clairsville as a Whole***

*Statement of Net Assets and the Statement of Activities*

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those 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, the general, police, and community housing improvement program funds are the most significant governmental funds. The water, sewer, and light funds are the significant enterprise funds.

**City of St. Clairsville**  
*Management's Discussion and Analysis (Continued)*  
*For the Year Ended December 31, 2010*  
(Unaudited)

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A question typically asked about the City's finances "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the City as a whole, the *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 tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, and other factors.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two distinct kinds of activities:

- ✓ Governmental Activities - Most of the City's programs and services are reported here, including general government, security of persons and property, public health services, community and economic development, leisure time activities and transportation.
- ✓ Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's business-type activities are water, sewer and light.

***Reporting the City of St. Clairsville'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 safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general, police, and community housing improvement program funds.

**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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police protection, as well as improving and maintaining the City's streets, parks, cemeteries and City Hall. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, police, and community housing improvement program funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.



**City of St. Clairsville**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2010  
(Unaudited)

The City adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for the general fund and each major special revenue fund to demonstrate compliance with this budget.

**Proprietary Funds** - Proprietary funds use the same basis of accounting as business-type activities (water, sewer and light); therefore, these statements will essentially match.

**The City of St. Clairsville as a Whole**

Recall that the Statement of Net Assets provides the perspective of the City as a whole.

Table 1 provides a summary of the City's net assets for 2010 compared to 2009:

**(Table 1)**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Assets:</b>						
Current and Other Assets	\$ 2,667,753	\$ 2,322,349	\$ 4,404,856	\$ 4,959,163	\$ 7,072,609	\$ 7,281,512
Capital Assets	7,533,432	7,655,249	8,335,028	9,106,932	15,868,460	16,762,181
Total Assets	10,201,185	9,977,598	12,739,884	14,066,095	22,941,069	24,043,693
<b>Liabilities:</b>						
Long-Term Liabilities	1,351,256	1,434,848	6,833,060	7,022,809	8,184,316	8,457,657
Other Liabilities	907,603	864,857	693,857	678,639	1,601,460	1,543,496
Total Liabilities	2,258,859	2,299,705	7,526,917	7,701,448	9,785,776	10,001,153
<b>Net Assets:</b>						
Invested in Capital						
Assets, Net of Debt	6,273,016	6,300,660	2,685,569	3,659,611	8,958,585	9,960,271
Restricted	1,547,519	1,416,586	0	0	1,547,519	1,416,586
Unrestricted	121,791	(39,353)	2,527,398	2,705,036	2,649,189	2,665,683
Total Net Assets	\$ 7,942,326	\$ 7,677,893	\$ 5,212,967	\$ 6,364,647	\$ 13,155,293	\$ 14,042,540

Total assets decreased by \$1,102,624 with governmental assets increasing \$223,587 and business-type assets decreasing \$1,326,211. The \$345,404 increase in current assets of the governmental activities was due to significant increases in property taxes receivable due to a new levy in 2010 and estate taxes receivable. Capital assets of the governmental activities decreased \$121,817, the result of depreciation exceeding current year acquisitions. The majority of the decrease in total assets for business-type activities was a result of a decrease in cash due to expenses exceeding revenues. Additionally, capital assets of the business-type activities decreased \$771,904 due to depreciation exceeding current year acquisitions.

**City of St. Clairsville**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2010  
(Unaudited)

Total liabilities decreased by \$215,377 with governmental liabilities decreasing \$40,846 and business-type liabilities decreasing \$174,531. The decrease of liabilities in governmental activities is due to the completion of contracts payable related to various projects that were in progress at the beginning of the year. The decrease in business-type activities was due largely to repayments of debt in 2010.

Total net assets decreased by \$887,247. This number reflects an increase of \$264,433 in governmental activities and a decrease of \$1,151,680 in the net assets of the business-type activities. Table 2 shows the changes in net assets for fiscal years 2010 and 2009. This table presents two fiscal years in side-by-side comparisons. This will enable the reader to draw further conclusion about the City's financial status and possibly project future problems.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 293,231	\$ 276,223	\$ 6,357,620	\$ 6,347,832	\$ 6,650,851	\$ 6,624,055
Operating Grants	785,145	2,140,478	0	0	785,145	2,140,478
Capital Grants	2,703	609,238	0	0	2,703	609,238
<i>General Revenues:</i>						
Property Taxes	712,279	784,235	5,691	1,220	717,970	785,455
Kilowatt Per Hour Taxes	207,899	0	15,103	19,046	223,002	19,046
Grants and Entitlements	662,974	421,287	0	0	662,974	421,287
Unrestricted Contributions	0	30	0	0	0	30
Investments	57,072	94,133	0	0	57,072	94,133
Other	57,335	104,958	46,555	98,750	103,890	203,708
<b>Total Revenues</b>	<b>2,778,638</b>	<b>4,430,582</b>	<b>6,424,969</b>	<b>6,466,848</b>	<b>9,203,607</b>	<b>10,897,430</b>
<b>Program Expenses</b>						
General Government	295,458	366,145	0	0	295,458	366,145
Security of Persons and Property	991,581	1,087,923	0	0	991,581	1,087,923
Transportation	635,719	536,574	0	0	635,719	536,574
Public Health Services	16,197	32,527	0	0	16,197	32,527
Community and Economic Development	255,985	597,313	0	0	255,985	597,313
Leisure Time Activities	433,133	465,524	0	0	433,133	465,524
Interest and Fiscal Charges	48,232	49,774	0	0	48,232	49,774
<i>Enterprise Operations:</i>						
Water	0	0	1,192,309	1,171,863	1,192,309	1,171,863
Sewer	0	0	1,000,063	1,072,952	1,000,063	1,072,952
Light	0	0	5,222,177	4,952,389	5,222,177	4,952,389
<b>Total Program Expenses</b>	<b>2,676,305</b>	<b>3,135,780</b>	<b>7,414,549</b>	<b>7,197,204</b>	<b>10,090,854</b>	<b>10,332,984</b>
<i>Increase (Decrease) in Net Assets</i>						
<i>Before Transfers</i>	102,333	1,294,802	(989,580)	(730,356)	(887,247)	564,446
Transfers	162,100	0	(162,100)	0	0	0
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 264,433</b>	<b>\$ 1,294,802</b>	<b>\$ (1,151,680)</b>	<b>\$ (730,356)</b>	<b>\$ (887,247)</b>	<b>\$ 564,446</b>

**City of St. Clairsville**  
*Management's Discussion and Analysis (Continued)*  
*For the Year Ended December 31, 2010*  
(Unaudited)

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**Governmental Activities**

The funding for the governmental activities comes from several different sources. Prominent sources are property taxes, kilowatt per hour taxes, grants and entitlements, and charges for services. General revenues include property taxes, kilowatt per hour taxes, and grants and entitlements, such as local government funds. With the combination of general and program revenues, all expenses in the governmental activities are funded. The City monitors its source of revenues very closely for fluctuations. Intergovernmental revenues decreased this year due to a large decrease in operating and capital grants. These grants in the transportation enhancement and federal highway funds had final draws in 2010 which accounts for the large decrease in transportation.

Security of persons and property represents the largest expense of the Governmental Activities. This expense of \$991,581 represents 37.1 percent of the total governmental activities expenses. This department operates out of the police fund.

**Business-Type Activities**

Business-type activities include water, sewer and light operations. The revenues are generated primarily from charges for services. In 2010, charges for services of \$6,357,620 accounted for 99.0 percent of the business-type revenues. The total expenses for the utilities were \$7,414,549 thus leaving a decrease in net assets of \$989,580 for the business-type activities.

***The City's Funds***

Information about the City's governmental funds begins on page 13. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues (including other financing sources) of \$3,801,240 and expenditures (including other financing uses) of \$3,618,344. The City's general fund balance increased by \$41,202. This is due to a large estate tax settlement. The police fund balance increased by \$697. This increase in fund balance can be attributed to revenues increasing faster than expenditures. The community housing improvement program fund balance increased by \$22,205 revenues increasing faster than expenditures. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

Information about the proprietary funds starts on page 20. These funds are accounted for on an accrual basis. All business-type funds had operating expenses of \$7,129,447 and operating revenues of \$6,404,175.

**City of St. Clairsville**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2010  
(Unaudited)

**General Fund Budgeting Highlights**

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.

During the course of 2010, the City amended its general fund budget on various occasions. All recommendations for appropriation changes come to Council from the City Finance Director. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

For the general fund, final budget basis revenue was \$1,521,905 and the original budget estimate was \$1,051,850. Of this \$470,055 increase, most was attributable to an increase in intergovernmental revenue.

Final appropriations (including other financing uses) of \$1,120,755 were \$64,755 higher than the \$1,056,000 in the original budget. This increase is due to increases in transfers out and general government expenditures for employee benefits.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of year 2010, the City had \$15,868,460 in land, buildings, improvements other than buildings, machinery and equipment, vehicles, and infrastructure. A total of \$7,533,432 of this was for governmental activities with the remainder attributable to business-type activities. Table 3 shows fiscal year 2010 balances compared with 2009.

**(Table 3)**  
**Capital Assets at December 31**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,271,438	\$ 1,271,438	\$ 320,596	\$ 320,596	\$ 1,592,034	\$ 1,592,034
Buildings	301,601	351,207	1,563,872	1,630,800	1,865,473	1,982,007
Improvements Other Than Buildings	75,895	82,192	0	0	75,895	82,192
Machinery and Equipment	229,701	260,962	355,537	409,289	585,238	670,251
Vehicles	142,960	160,806	94,726	106,728	237,686	267,534
Infrastructure	5,511,837	3,432,041	6,000,297	6,639,519	11,512,134	10,071,560
Construction in Progress	0	2,096,603	0	0	0	2,096,603
<b>Totals</b>	<b>\$ 7,533,432</b>	<b>\$ 7,655,249</b>	<b>\$ 8,335,028</b>	<b>\$ 9,106,932</b>	<b>\$ 15,868,460</b>	<b>\$ 16,762,181</b>

The \$893,721 decrease in capital assets was attributable to current year depreciation exceeding current year additions. Note 8 provides capital asset activity during the 2010 year.

**City of St. Clairsville**  
*Management's Discussion and Analysis (Continued)*  
For the Year Ended December 31, 2010  
(Unaudited)

**Debt**

The outstanding debt for the City of St. Clairsville as of December 31, 2010 was \$8,047,239 with \$327,770 due within one year. Table 4 summarizes outstanding debt.

**(Table 4)**  
**Outstanding Debt, at December 31**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 210,000	\$ 245,000	\$6,307,110	\$6,495,157	\$6,517,110	\$6,740,157
Rural Development Bonds	0	0	121,238	121,238	121,238	121,238
OPWC Loans	206,217	208,301	358,475	379,901	564,692	588,202
Recreation Commercial Loan	824,245	862,491	0	0	824,245	862,491
Capital Leases	19,954	38,797	0	0	19,954	38,797
<i>Total</i>	<u>\$1,260,416</u>	<u>\$1,354,589</u>	<u>\$6,786,823</u>	<u>\$6,996,296</u>	<u>\$8,047,239</u>	<u>\$8,350,885</u>

The recreation commercial loan is for the purpose of acquiring land. The principal and interest for this bond is paid from the collection of recreation fees and general revenues. The OPWC loans and the Rural Development Bonds are for various water and sewer projects. The general obligation bonds are to fund various projects throughout the City.

Additional information concerning the City's debt can be found in Note 13 to the basic financial statements.

***Current Financial Issues***

The City of St. Clairsville had a very challenging year. At the beginning of the year, we faced a major shortfall of revenue for the year. Immediate action was taken. We froze hiring, several employees retired and they were not replaced. Travel was cut to only required educational training. The Mayor reviewed every single purchase prior to ordering. Overtime was curtailed to emergency only. Our summer maintenance crew was reduced from eight to two mowers. Paving was put on hold. All departments cooperated in keeping expenses to a minimum.

The City put a replacement levy on the May ballot for the Police Department and the voters passed it. City Council was split on enacting a 1% income tax which they were entitled to do, therefore it was put to the voters at the November election. It was defeated 3 to 1. During November and December a ¾% tax legislation was introduced and then put on hold while a committee of financial experts that had no political affiliation with the City reviewed the financial statements to determine if the tax was "really" needed. In February, the Committee presented its report to Council that confirmed the Finance Director's recommendation for the tax. Council was again split, with the Council President casting the tie breaking yes vote. The ¾% income tax goes into effect April 1, 2011. Unfortunately, had the tax been passed in July of 2010, we would have had nine months in collections.

**City of St. Clairsville**  
*Management's Discussion and Analysis (Continued)*  
*For the Year Ended December 31, 2010*  
(Unaudited)

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The City worked all year on funding for the final phase of The Clarendon. We had \$1.5 million in state and federal tax credits with written offers that would bring \$1.2 million in financing of the \$3 million project phase. The balance would be financed through stimulus funds created by the federal government for this specific type of project. Given the go ahead in August by Council, we continued work and introduced legislation in December to issue the bonds. It died for lack of a second on the motion. The building that we have worked on for ten years is currently up for sale.

The new Governor has called for a repeal of the estate tax and has cut local government funding. There is talk that the kilowatt per hour tax may be cut as well. If these funds are cut and/or eliminated, the City will have no choice but to drastically cut services.

***Contacting the City's Finance Department***

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 any questions about this report or need additional financial information, contact Jill Lucidi, Finance Director of St. Clairsville, Ohio, Municipal Building, St. Clairsville, or [jlucidi@stclairsville.com](mailto:jlucidi@stclairsville.com) .

**City of St. Clairsville**  
*Statement of Net Assets*  
December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Improvement Corporation
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 295,587	\$ 2,870,097	\$ 3,165,684	\$ 900
Cash and Cash Equivalents in Segregated Accounts	725	0	725	0
Taxes Receivable	809,263	15,103	824,366	0
Accounts Receivable	28,545	560,733	589,278	0
Intergovernmental Receivable	1,028,850	0	1,028,850	0
Loans Receivable	671,306	0	671,306	0
Internal Balances	(250,000)	250,000	0	0
Materials and Supplies Inventory	83,477	475,439	558,916	0
Deferred Charges	0	93,525	93,525	0
Restricted Assets:				
Customer Deposits	0	139,959	139,959	0
Non-Depreciable Capital Assets	1,271,438	320,596	1,592,034	46,343
Depreciable Capital Assets, Net	6,261,994	8,014,432	14,276,426	866,376
<i>Total Assets</i>	<u>10,201,185</u>	<u>12,739,884</u>	<u>22,941,069</u>	<u>913,619</u>
<b>Liabilities</b>				
Accounts Payable	12,446	366,656	379,102	0
Accrued Wages	34,427	39,183	73,610	0
Intergovernmental Payable	80,530	60,595	141,125	0
Undistributed Monies	725	0	725	0
Deposits Held and Due to Others	0	139,959	139,959	0
Accrued Interest Payable	3,932	22,396	26,328	0
Accrued Vacation Leave Payable	30,371	65,068	95,439	0
Deferred Revenue	745,172	0	745,172	0
Long-Term Liabilities:				
Due Within One Year	157,687	218,295	375,982	3,405
Due in More Than One Year	1,193,569	6,614,765	7,808,334	305,306
<i>Total Liabilities</i>	<u>2,258,859</u>	<u>7,526,917</u>	<u>9,785,776</u>	<u>308,711</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	6,273,016	2,685,569	8,958,585	912,719
Restricted for Debt Service	77,634	0	77,634	0
Restricted for Other Purposes	1,469,885	0	1,469,885	0
Unrestricted	121,791	2,527,398	2,649,189	(307,811)
<i>Total Net Assets</i>	<u>\$ 7,942,326</u>	<u>\$ 5,212,967</u>	<u>\$ 13,155,293</u>	<u>\$ 604,908</u>

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
**Statement of Activities**  
For the Year Ended December 31, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net			Component
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total	Unit
<b>Governmental Activities</b>								
General Government	\$ 295,458	\$ 144,583	\$ 0	\$ 0	\$ (150,875)	\$ 0	\$ (150,875)	\$ 0
Security of Persons and Property	991,581	50,831	69,422	0	(871,328)	0	(871,328)	0
Public Health Services	16,197	0	0	0	(16,197)	0	(16,197)	0
Lesiure Time Activities	433,133	97,817	1,303	0	(334,013)	0	(334,013)	0
Community and Economic Development	255,985	0	427,635	2,703	174,353	0	174,353	0
Transportation	635,719	0	286,785	0	(348,934)	0	(348,934)	0
Interest and Fiscal Charges	48,232	0	0	0	(48,232)	0	(48,232)	0
<i>Total Governmental Activities</i>	<u>2,676,305</u>	<u>293,231</u>	<u>785,145</u>	<u>2,703</u>	<u>(1,595,226)</u>	<u>0</u>	<u>(1,595,226)</u>	<u>0</u>
<b>Business-Type Activities</b>								
Water	1,192,309	840,205	0	0	0	(352,104)	(352,104)	0
Sewer	1,000,063	780,604	0	0	0	(219,459)	(219,459)	0
Light	5,222,177	4,736,811	0	0	0	(485,366)	(485,366)	0
<i>Total Business-Type Activities</i>	<u>7,414,549</u>	<u>6,357,620</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,056,929)</u>	<u>(1,056,929)</u>	<u>0</u>
<i>Total - Primary Government</i>	<u>\$ 10,090,854</u>	<u>\$ 6,650,851</u>	<u>\$ 785,145</u>	<u>\$ 2,703</u>	<u>(1,595,226)</u>	<u>(1,056,929)</u>	<u>(2,652,155)</u>	<u>0</u>
<b>Component Unit</b>								
Community Improvement Corporation	\$ 303,663	\$ 0	\$ 0	\$ 0	0	0	0	(303,663)
<b>General Revenues:</b>								
Property Taxes Levied for:								
General Purposes					286,618	5,691	292,309	0
Police					425,661	0	425,661	0
Kilowatt Per Hour Taxes Levied for:								
General Purposes					207,899	0	207,899	0
Utilities					0	15,103	15,103	0
Grants and Entitlements Not Restricted to Specific Programs					662,974	0	662,974	0
Investment Earnings					57,072	0	57,072	0
Other					57,335	46,555	103,890	1,538
<i>Total General Revenues</i>					<u>1,697,559</u>	<u>67,349</u>	<u>1,764,908</u>	<u>1,538</u>
Transfers					162,100	(162,100)	0	0
<i>Total General Revenues and Transfers</i>					<u>1,859,659</u>	<u>(94,751)</u>	<u>1,764,908</u>	<u>1,538</u>
<i>Change in Net Assets</i>					264,433	(1,151,680)	(887,247)	(302,125)
<i>Net Assets Beginning of Year</i>					7,677,893	6,364,647	14,042,540	907,033
<i>Net Assets End of Year</i>					<u>\$ 7,942,326</u>	<u>\$ 5,212,967</u>	<u>\$ 13,155,293</u>	<u>\$ 604,908</u>

See accompanying notes to the basic financial statements.



**City of St. Clairsville**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2010*

	<u>General</u>	<u>Police</u>	<u>Community Housing Improvement Program</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 38,454	\$ 627	\$ 260	\$ 256,246	\$ 295,587
Cash and Cash Equivalents in Segregated Accounts	0	0	0	725	725
Taxes Receivable	254,738	528,048	0	26,477	809,263
Accounts Receivable	27,528	0	0	1,017	28,545
Intergovernmental Receivable	302,373	32,419	550,546	143,512	1,028,850
Loans Receivable	0	0	0	671,306	671,306
Due from Other Funds	0	0	0	113,229	113,229
Advances To Other Funds	860	0	0	0	860
Materials and Supplies Inventory	0	0	0	83,477	83,477
<i>Total Assets</i>	<u>\$ 623,953</u>	<u>\$ 561,094</u>	<u>\$ 550,806</u>	<u>\$ 1,295,989</u>	<u>\$ 3,031,842</u>
<b>Liabilities</b>					
Accounts Payable	\$ 1,208	\$ 1,213	\$ 0	\$ 10,025	\$ 12,446
Accrued Wages	879	18,351	0	15,197	34,427
Intergovernmental Payable	9,756	26,048	0	44,726	80,530
Undistributed Monies	0	0	0	725	725
Due to Other Funds	113,229	0	0	0	113,229
Advances From Other Funds	100,000	0	0	150,860	250,860
Deferred Revenue	410,804	560,467	500,000	123,021	1,594,292
<i>Total Liabilities</i>	<u>635,876</u>	<u>606,079</u>	<u>500,000</u>	<u>344,554</u>	<u>2,086,509</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	120	0	0	2,412	2,532
Reserved for Advances	860	0	0	0	860
Reserved for Loans Receivable	0	0	0	671,306	671,306
Reserved for Unclaimed Monies	3,110	0	0	0	3,110
Unreserved, Undesignated, Reported in:					
General Fund	(16,013)	0	0	0	(16,013)
Special Revenue Funds	0	(44,985)	50,806	139,908	145,729
Debt Service Funds	0	0	0	76,774	76,774
Capital Projects Funds	0	0	0	61,035	61,035
<i>Total Fund Balances</i>	<u>(11,923)</u>	<u>(44,985)</u>	<u>50,806</u>	<u>951,435</u>	<u>945,333</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 623,953</u>	<u>\$ 561,094</u>	<u>\$ 550,806</u>	<u>\$ 1,295,989</u>	<u>\$ 3,031,842</u>

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2010*

<b>Total Governmental Fund Balances</b>		\$ 945,333
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,533,432
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 785,029	
Property Taxes	<u>64,091</u>	
Total		849,120
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(3,932)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(210,000)	
Capital Leases	(19,954)	
OPWC Loans	(206,217)	
Recreation Commercial Loan	(824,245)	
Accrued Vacation Payable	(30,371)	
Compensated Absences	<u>(90,840)</u>	
Total		<u>(1,381,627)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$ 7,942,326</u></u>

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2010*

	General	Police	Community Housing Improvement Program	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Taxes	\$ 463,952	\$ 409,536	\$ 0	\$ 27,915	\$ 901,403
Charges for Services	0	44,653	0	100,039	144,692
Licenses and Permits	118,407	0	0	0	118,407
Fines and Forfeitures	11,117	0	0	4,566	15,683
Intergovernmental	642,327	57,843	126,270	506,949	1,333,389
Interest	57,072	0	0	3,314	60,386
Rent	14,450	0	0	0	14,450
Contributions and Donations	0	0	0	1,572	1,572
Other	11,725	19,698	665	25,247	57,335
<i>Total Revenues</i>	<u>1,319,050</u>	<u>531,730</u>	<u>126,935</u>	<u>669,602</u>	<u>2,647,317</u>
<b>Expenditures</b>					
Current:					
General Government	271,697	0	0	2,276	273,973
Security of Persons and Property	1,876	893,804	0	83,914	979,594
Public Health Services	16,197	0	0	0	16,197
Lesiure Time Activities	0	0	0	327,786	327,786
Community and Economic Development	0	0	104,730	143,555	248,285
Transportation	0	0	0	530,176	530,176
Capital Outlay	0	2,197	0	105,645	107,842
Debt Service:					
Principal Retirement	0	18,843	0	79,075	97,918
Interest and Fiscal Charges	0	2,289	0	46,206	48,495
<i>Total Expenditures</i>	<u>289,770</u>	<u>917,133</u>	<u>104,730</u>	<u>1,318,633</u>	<u>2,630,266</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,029,280</u>	<u>(385,403)</u>	<u>22,205</u>	<u>(649,031)</u>	<u>17,051</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	386,100	0	764,078	1,150,178
Proceeds of Loans	0	0	0	3,745	3,745
Transfers Out	(988,078)	0	0	0	(988,078)
<i>Total Other Financing Sources (Uses)</i>	<u>(988,078)</u>	<u>386,100</u>	<u>0</u>	<u>767,823</u>	<u>165,845</u>
<i>Net Change in Fund Balances</i>	41,202	697	22,205	118,792	182,896
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(53,125)</u>	<u>(45,682)</u>	<u>28,601</u>	<u>832,643</u>	<u>762,437</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ (11,923)</u>	<u>\$ (44,985)</u>	<u>\$ 50,806</u>	<u>\$ 951,435</u>	<u>\$ 945,333</u>

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2010*

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**Net Change in Fund Balances - Total Governmental Funds** \$ 182,896

*Amounts reported for governmental activities in the statement  
of activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital additions in the current period.

Capital Asset Additions	\$	120,985	
Current Year Depreciation		<u>(242,802)</u>	
Total			(121,817)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes		18,775	
Intergovernmental		<u>112,546</u>	
Total			131,321

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Capital Lease Principal		18,843	
General Obligation Bonds Principal		35,000	
Loans Principal		<u>44,075</u>	
Total			97,918

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 263

Proceeds of loans in the governmental funds that increase long-term liability in the statement of net assets are not reported as revenues in the statement of activities. (3,745)

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences		(10,581)	
Vacation Payable		<u>(11,822)</u>	
Total			<u>(22,403)</u>

*Change in Net Assets of Governmental Activities* \$ 264,433

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 462,200	\$ 496,410	\$ 463,952	\$ (32,458)
Licenses and Permits	109,500	126,141	117,893	(8,248)
Fines and Forfeitures	8,150	10,461	9,777	(684)
Intergovernmental	173,567	560,287	523,652	(36,635)
Interest	175,000	61,065	57,072	(3,993)
Rent	14,400	15,461	14,450	(1,011)
Contributions and Donations	1,000	0	0	0
Other	106,033	237,780	313,275	75,495
<i>Total Revenues</i>	1,049,850	1,507,605	1,500,071	(7,534)
<b>Expenditures</b>				
Current:				
General Government	348,700	349,603	477,960	(128,357)
Security of Persons and Property	1,600	1,876	1,876	0
Public Health Services	33,000	16,198	16,197	1
<i>Total Expenditures</i>	383,300	367,677	496,033	(128,356)
<i>Excess of Revenues Over Expenditures</i>	666,550	1,139,928	1,004,038	(135,890)
<b>Other Financing Sources (Uses)</b>				
Advances In	2,000	14,300	0	(14,300)
Transfers Out	(672,700)	(753,078)	(988,078)	(235,000)
<i>Total Other Financing Sources (Uses)</i>	(670,700)	(738,778)	(988,078)	(249,300)
<i>Net Change in Fund Balance</i>	(4,150)	401,150	15,960	(385,190)
<i>Fund Balance Beginning of Year</i>	17,821	17,821	17,821	0
Prior Year Encumbrances Appropriated	3,422	3,422	3,422	0
<i>Fund Balance End of Year</i>	\$ 17,093	\$ 422,393	\$ 37,203	\$ (385,190)

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property Taxes	\$ 532,196	\$ 646,821	\$ 409,536	\$ (237,285)
Charges for Services	58,027	70,525	44,653	(25,872)
Intergovernmental	75,279	91,493	57,929	(33,564)
Other	25,598	31,111	19,698	(11,413)
<i>Total Revenues</i>	<u>691,100</u>	<u>839,950</u>	<u>531,816</u>	<u>(308,134)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	743,000	720,262	897,262	(177,000)
Capital Outlay	0	2,197	2,197	0
Debt Service:				
Interest and Fiscal Charges	0	2,334	2,289	45
Principal Retirement	0	18,843	18,843	0
<i>Total Expenditures</i>	<u>743,000</u>	<u>743,636</u>	<u>920,591</u>	<u>(176,955)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(51,900)</u>	<u>96,314</u>	<u>(388,775)</u>	<u>(485,089)</u>
<b>Other Financing Sources</b>				
Transfers In	301,900	388,780	386,100	(2,680)
<i>Total Other Financing Sources</i>	<u>301,900</u>	<u>388,780</u>	<u>386,100</u>	<u>(2,680)</u>
<i>Net Change in Fund Balance</i>	250,000	485,094	(2,675)	(487,769)
<i>Fund Balance Beginning of Year</i>	40	40	40	0
Prior Year Encumbrances Appropriated	2,645	2,645	2,645	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 252,685</u>	<u>\$ 487,779</u>	<u>\$ 10</u>	<u>\$ (487,769)</u>

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Community Housing Improvement Program Fund  
For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$ 250,000	\$ 250,000	\$ 75,724	\$ (174,276)
Other	<u>0</u>	<u>0</u>	<u>3,065</u>	<u>3,065</u>
<i>Total Revenues</i>	<u>250,000</u>	<u>250,000</u>	<u>78,789</u>	<u>(171,211)</u>
<b>Expenditures</b>				
Current:				
Community and Economic Development	<u>250,000</u>	<u>250,000</u>	<u>104,730</u>	<u>145,270</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>0</u>	<u>0</u>	<u>(25,941)</u>	<u>(25,941)</u>
<i>Net Change in Fund Balance</i>	0	0	(25,941)	(25,941)
<i>Fund Balance Beginning of Year</i>	7,020	7,020	7,020	0
Prior Year Encumbrances Appropriated	<u>19,181</u>	<u>19,181</u>	<u>19,181</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 26,201</u>	<u>\$ 26,201</u>	<u>\$ 260</u>	<u>\$ (25,941)</u>

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2010*

	Business-Type Activities			
	Water	Sewer	Light	Total
<b>Assets</b>				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 14,314	\$ 120,345	\$ 2,735,438	\$ 2,870,097
Taxes Receivable	0	0	15,103	15,103
Accounts Receivable	74,141	69,406	417,186	560,733
Materials and Supplies Inventory	49,798	79,345	346,296	475,439
<i>Total Current Assets</i>	<u>138,253</u>	<u>269,096</u>	<u>3,514,023</u>	<u>3,921,372</u>
<i>Non-Current Assets</i>				
Restricted Assets:				
Customer Deposits	68,508	53,074	18,377	139,959
Deferred Charges	3,708	4,589	85,228	93,525
Advances to Other Funds	0	158,000	355,000	513,000
Non-Depreciable Capital Assets	0	0	320,596	320,596
Depreciable Capital Assets, Net	1,834,304	2,152,152	4,027,976	8,014,432
<i>Total Non-Current Assets</i>	<u>1,906,520</u>	<u>2,367,815</u>	<u>4,807,177</u>	<u>9,081,512</u>
<i>Total Assets</i>	<u>2,044,773</u>	<u>2,636,911</u>	<u>8,321,200</u>	<u>13,002,884</u>
<b>Liabilities</b>				
<i>Current Liabilities</i>				
Accounts Payable	2,016	19,997	344,643	366,656
Accrued Wages	16,976	7,757	14,450	39,183
Intergovernmental Payable	18,481	16,134	25,980	60,595
Deposits Held and Due to Others	68,508	53,074	18,377	139,959
Accrued Interest Payable	909	1,173	20,314	22,396
Accrued Vacation Leave Payable	23,043	11,270	30,755	65,068
Compensated Absences Payable	2,531	979	2,650	6,160
General Obligation Bonds Payable	5,000	40,000	140,000	185,000
Rural Development Loan Payable	0	5,278	0	5,278
OPWC Loans Payable	2,378	19,479	0	21,857
<i>Total Current Liabilities</i>	<u>139,842</u>	<u>175,141</u>	<u>597,169</u>	<u>912,152</u>
<i>Long-Term Liabilities</i>				
Advances from Other Funds	263,000	0	0	263,000
Compensated Absences Payable- Net of Current Portion	7,301	12,565	20,211	40,077
General Obligation Bonds Payable - Net of Current Portion	247,148	284,922	5,590,040	6,122,110
Rural Development Loan Payable- Net of Current Portion	0	115,960	0	115,960
OPWC Loans Payable- Net of Current Portion	40,364	296,254	0	336,618
<i>Total Long-Term Liabilities</i>	<u>557,813</u>	<u>709,701</u>	<u>5,610,251</u>	<u>6,877,765</u>
<i>Total Liabilities</i>	<u>697,655</u>	<u>884,842</u>	<u>6,207,420</u>	<u>7,789,917</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	1,543,122	1,394,848	(252,401)	2,685,569
Unrestricted	(196,004)	357,221	2,366,181	2,527,398
<i>Total Net Assets</i>	<u>\$ 1,347,118</u>	<u>\$ 1,752,069</u>	<u>\$ 2,113,780</u>	<u>\$ 5,212,967</u>

See accompanying notes to the basic financial statements.



**City of St. Clairsville**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Year Ended December 31, 2010*

	Business-Type Activities			
	Water	Sewer	Light	Total
<b>Operating Revenues</b>				
Charges for Services	\$ 840,205	\$ 780,604	\$ 4,736,811	\$ 6,357,620
Other	13,758	9,704	23,093	46,555
<i>Total Operating Revenues</i>	<u>853,963</u>	<u>790,308</u>	<u>4,759,904</u>	<u>6,404,175</u>
<b>Operating Expenses</b>				
Personal Services	646,136	443,007	633,294	1,722,437
Contractual Services	127,694	154,899	4,146,661	4,429,254
Materials and Supplies	136,678	5,857	25,481	168,016
Depreciation	269,822	373,614	166,304	809,740
<i>Total Operating Expenses</i>	<u>1,180,330</u>	<u>977,377</u>	<u>4,971,740</u>	<u>7,129,447</u>
<i>Operating (Loss)</i>	<u>(326,367)</u>	<u>(187,069)</u>	<u>(211,836)</u>	<u>(725,272)</u>
<b>Non-Operating Revenue (Expenses)</b>				
Property Taxes	0	0	5,691	5,691
Kilowatt Taxes	0	0	15,103	15,103
Interest and Fiscal Charges	(11,979)	(22,686)	(250,437)	(285,102)
<i>Total Non-Operating Revenue (Expenses)</i>	<u>(11,979)</u>	<u>(22,686)</u>	<u>(229,643)</u>	<u>(264,308)</u>
<i>Loss Before Contributions and Transfers</i>	<u>(338,346)</u>	<u>(209,755)</u>	<u>(441,479)</u>	<u>(989,580)</u>
Transfers Out	0	0	(162,100)	(162,100)
<i>Change in Net Assets</i>	(338,346)	(209,755)	(603,579)	(1,151,680)
<i>Net Assets Beginning of Year</i>	<u>1,685,464</u>	<u>1,961,824</u>	<u>2,717,359</u>	<u>6,364,647</u>
<i>Net Assets End of Year</i>	<u>\$ 1,347,118</u>	<u>\$ 1,752,069</u>	<u>\$ 2,113,780</u>	<u>\$ 5,212,967</u>

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2010**

	Business-Type Activities			
	Water	Sewer	Light	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 878,741	\$ 811,140	\$ 4,835,837	\$ 6,525,718
Other Operating Receipts	18,573	9,704	23,093	51,370
Cash Payments for Goods and Services	(158,612)	(30,102)	(29,158)	(217,872)
Cash Payments to Employees	(638,772)	(447,322)	(617,591)	(1,703,685)
Cash Payments for Contractual Services	(143,002)	(165,991)	(4,171,773)	(4,480,766)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(43,072)</u>	<u>177,429</u>	<u>40,408</u>	<u>174,765</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Tax Receipts	0	0	24,737	24,737
Transfers Out	0	0	(162,100)	(162,100)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>0</u>	<u>0</u>	<u>(137,363)</u>	<u>(137,363)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Acquisition of Capital Assets	(21,288)	(2,960)	(13,588)	(37,836)
Principal Payments on Debt	(7,331)	(54,095)	(140,000)	(201,426)
Interest Payments	(12,153)	(23,565)	(252,755)	(288,473)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(40,772)</u>	<u>(80,620)</u>	<u>(406,343)</u>	<u>(527,735)</u>
<i>Net (Decrease) in Cash and Cash Equivalents</i>	(83,844)	96,809	(503,298)	(490,333)
<i>Cash and Cash Equivalents Beginning of Year</i>	166,666	76,610	3,257,113	3,500,389
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 82,822</u>	<u>\$ 173,419</u>	<u>\$ 2,753,815</u>	<u>\$ 3,010,056</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used for) Operating Activities</b>				
Operating (Loss)	\$ (326,367)	\$ (187,069)	\$ (211,836)	\$ (725,272)
Adjustments:				
Depreciation	269,822	373,614	166,304	809,740
(Increase) Decrease in Assets:				
Accounts Receivable	20,064	12,495	92,778	125,337
Materials and Supplies Inventory	(22,498)	(42,835)	(5,242)	(70,575)
Increase (Decrease) in Liabilities:				
Accounts Payable	(11)	18,912	(19,594)	(693)
Accrued Wages	3,362	(2,433)	1,973	2,902
Deposits Held and Due to Others	8,554	6,627	2,295	17,476
Compensated Absences Payable	3,955	5,134	10,636	19,725
Accrued Vacation Leave Payable	(1,755)	(6,204)	1,217	(6,742)
Intergovernmental Payable	1,802	(812)	1,877	2,867
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ (43,072)</u>	<u>\$ 177,429</u>	<u>\$ 40,408</u>	<u>\$ 174,765</u>

See accompanying notes to the basic financial statements.

**City of St. Clairsville**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2010*

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	<u>Agency</u>
<b>Assets</b>	
Cash and Cash Equivalents in Segregated Accounts	<u>\$ 1,241</u>
<b>Liabilities</b>	
Undistributed Monies	<u>\$ 1,241</u>

See accompanying notes to the basic financial statements.

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**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2010*

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION**

The City of St. Clairsville (the “City”) is a body politic, incorporated as a village in 1801, and became a City on March 20, 1977. The City merged with St. Clairsville Township on January 1, 1994. The City is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a “Mayor-Council-Manager” form of government. The Council, Finance Director, and Mayor are elected. The Council appoints a Manager who is the Chief Administrative Officer of the City.

Legislative power is vested in a seven member Council; three are elected at large and four are elected from wards established in the City. The Ward Council and At-Large Council members are elected at the regular City elections. The terms of the members are for four years, commencing at the first regular meeting in January following their election and continuing until their successors have been elected and sworn in.

The Mayor is elected at the regular City election and every fourth year thereafter. The Mayor serves a four year term. The Mayor, when authorized by Council, serves as judge and has all the judicial powers granted generally by the laws of Ohio to mayors of municipalities of St. Clairsville’s class. The President of Council presides at Council meetings but has no vote therein, unless there is a tie. In the event of a tie, the President of Council casts the tie breaking vote. The Mayor is the official and ceremonial head of the City government.

The City’s Manager (Service Director) is appointed by a majority vote of Council to an indefinite term but serves at the pleasure of Council. The Service Director is responsible to Council for the administration of all affairs of the City and the enforcement of all laws and ordinances within the scope of the designated powers and duties of the office. The Service Director has the power to appoint, promote, transfer, reduce or remove, subject to the provisions of the Charter and enactments of Council, any officer or employee of the City, except those required by the Charter to be elected and those whose appointment or term of office may otherwise be provided for in the Charter.

***Reporting Entity***

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City (the primary government) and its potential component units consistent with Government Accounting Standards Board Statements No. 14, “The Financial Reporting Entity” and No. 39, “Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14.”

The City provides various services including police, parks and recreation, cemetery, planning, zoning, street construction, maintenance and repair, water, sewer and electric services, and general administrative services. The operation of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the levying of taxes or the issuance of debt.

***St. Clairsville Community Improvement Corporation*** – St. Clairsville Community Improvement Corporation (“CIC”) is a legally separate organization, which was established during 2007. The members of the CIC are the current Council members of the City of St. Clairsville. The CIC is governed by a board of trustees who are elected by the members. At least two of the trustees must be elected officeholders with the City of St. Clairsville. The purpose of the CIC is to provide improvements to the City, encourage businesses to locate and stay in the downtown area, resolve parking issues and downtown revitalization. In accordance with its purpose, the CIC has established the Clarendon, LLC (“LLC”). The consolidated financial statements include the LLC. Additional information concerning the CIC is presented in Note 18.

The City is involved with the Ohio Mid-Eastern Governments Association, Jefferson-Belmont Joint Solid Waste Authority, Southeastern Ohio Narcotics Task Force, Bel-O-Mar Regional Council, and Belmont County Board of Health which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 16.

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements and has not elected to apply Financial Accounting Standards Board (FASB) Statements of Interpretation issued after November 30, 1989 to its enterprise and business-type activities. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The most significant of the City's accounting policies are described below.

***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. 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 type.

**B. Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

**General Fund** The general fund accounts for all financial resources 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.

**Police Fund** The police special revenue fund is to account for the property taxes levied in the City for the operation of its Police Department.

**Community Housing Improvement Program** The community housing improvement program special revenue fund (CHIP) is to account for the grants received from the state for the purpose of private owner rehabilitation and home repair assistance.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

**Proprietary Fund Type** Proprietary fund reporting focuses on the determination of operating income, changes in net asset, financial position, and cash flows. The following is the City's proprietary fund type:

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The water, sewer and light funds are the City's major enterprise funds.

**Water Fund** The water fund accounts for the provision of water service to the residents and commercial users located within the City.

**Sewer Fund** The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

**Light Fund** The light fund accounts for revenues generated from charges for electric services provided to residential and commercial users of the City.

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's two agency funds account for court collections that are distributed to various other subdivisions and City funds and employee medical savings.

**C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e. expenses) in total net assets.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.



**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary fund activities.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and entitlements, and rentals.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***E. Pooled Cash and Cash Equivalents***

To improve cash management, all cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents."

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost.

During fiscal year 2010, the City's investments were limited to certificates of deposit, money market accounts, overnight sweep accounts and STAROhio.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2010. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price for which the investment could be sold on December 31, 2010.

Investment procedures are restricted by the provisions of the Ohio Revised Code and the City's investment policy and Charter. Interest revenue credited to the general fund during 2010 amounted to \$57,072, which includes \$55,169 assigned from other City funds.

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

***F. Materials and Supplies Inventory***

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies.

***G. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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

Customer deposits have been restricted in the enterprise funds because the deposit remains the property of the customer. The restricted asset account is balanced by a deposits held and due to others liability account.

***H. Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$2,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All reported capital assets, except for land and construction-in-progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental and Business Type Activities Estimated Lives
Land Improvements	10 - 50 Years
Buildings and Building Improvements	10 - 75 Years
Equipment and Vehicles	3 - 25 Years
Infrastructure	20 - 75 Years

The City's infrastructure consists of streets, sidewalks, storm sewers, water lines, sewer lines, street lights and traffic signals. For 2004, the City reported governmental activities infrastructure for the first time. The City only reports the amounts acquired after 2004.

***I. Interfund Balances***

During the course of operations, transactions occur between individual funds for goods provided or services rendered. On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Long-term interfund loans (advances) are classified as "advances to other funds" and "advances from other funds." Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them are reported as "due to/due from other funds." These amounts are eliminated in the governmental columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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

***J. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination method. The City records a liability for accumulated unused sick leave for employees to the extent it is probable that the benefits will result in termination payments based upon an estimate of past experience of making termination payments for sick leave. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's union contracts.

***K. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, capital leases, and long-term loans are recognized as a liability on the government fund financial statements when due.

***L. Fund Balance Reserves***

The City reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, advances, long-term loans receivable and unclaimed monies.

***M. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. None of the City's net assets were restricted by enabling legislation at December 31, 2010.

Net assets restricted for other purposes include recreation, street construction and repair, and the operation of the police department.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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

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

***N. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer, and electric services. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

***O. Interfund Activity***

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***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 the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

***Q. Estimates***

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

***R. Budgetary Data***

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 resolution, 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 Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were enacted by Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

***S. Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, of grants or outside contributions of resources restricted to capital acquisition and construction.

***T. Implementation of New Accounting Policies***

For the year ended December 31, 2010, the City has implemented GASB Statement No. 51, “*Accounting and Financial Reporting for Intangible Assets*,” GASB Statement No. 53, “*Accounting and Financial Reporting for Derivative Instruments*,” and GASB Statement No. 58, “*Accounting and Financial Reporting for Chapter 9 Bankruptcies*.”

GASB Statement No. 51 establishes standards of accounting and financial reporting for intangible assets for all state and local governments. Inconsistencies in the accounting and financial reporting for intangible assets, particularly in the areas of recognition, initial measurement, and amortization, have occurred in practice due to the absence of sufficiently specific authoritative guidance that addresses these questions. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the City.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the general fund, police and community housing improvement program major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund, the police and community housing improvement program special revenue funds.

**Net Change in Fund Balance**

	General	Police	Community Housing
GAAP Basis	\$ 41,202	\$ 697	\$ 22,205
Revenue Accruals	181,021	86	(48,146)
Expenditure Accruals	(205,012)	(2,841)	0
Encumbrances	(1,251)	(617)	0
Budget Basis	\$ 15,960	\$ (2,675)	\$ (25,941)

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

**NOTE 4 – ACCOUNTABILITY AND COMPLIANCE**

**A. Fund Deficits**

The following funds had a deficit fund balance as of December 31, 2010:

	Deficit Fund Balance
Major Funds:	
General	\$ 11,923
Police	44,985
Non-Major Funds:	
General Escrow	35,927
Litter	525
Police Pension	21,198
Recreation	8,925
Street Assessment	860
Bike Trail	1,238

The deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances, however, this is done when cash is needed rather than when accruals occur.

**B. Legal Compliance**

The Water Fund had appropriations in excess of estimated resources contrary to Section 5705.39, Revised Code, in the amount of \$256,990.

The following funds had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Revised Code:

<b>Fund</b>	<b>Excess</b>
General	(\$367,263)
Police	(177,591)
Transportation Enhancement	(86,109)
Water	(12,858)
Water Replacement and Improvement	(4,158)

The City will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

**NOTE 5 - 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.



**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

*Inactive deposits* are public deposits that the City has identified as not required for use within the current two-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.

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 treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or 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. Bonds and other obligations of the State of Ohio;
4. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
5. The State Treasurer's investment pool (STAROhio).

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.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name. During 2010, the City and public depositories complied with the provisions of these statutes.

***Deposits with Financial Institutions***

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent 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 collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

At fiscal year-end, the carrying amount of the City's deposits was \$3,303,309. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of December 31, 2010, \$2,358,846 of the City's bank balance of \$3,327,257 was exposed to custodial risk as discussed above, while \$968,411 was covered by Federal Deposit Insurance Corporation.

***Investments***

As of December 31, 2010, the City had the following investment and maturity:

Investment Type	Fair Value	Investment Maturity 6 Months or Less
STAROhio	\$ 4,300	\$ 4,300

***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 for investments with a fixed interest rate, and two years or less for investments with a variable interest rate.

***Credit Risk*** STAROhio is rated AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

***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 to total of each investment type held by the City at December 31, 2010:

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

Investment Type	Fair Value	Percent of Total
STAROhio	\$ 4,300	100%

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by the State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. 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 general business and railroad property was eliminated by calendar year 2010, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The full tax rate for all City operations for the year ended December 31, 2010, was \$12.85 per \$1,000 of assessed value for real property and \$12.85 per \$1,000 of assessed value for intangible property. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 6 - PROPERTY TAXES (Continued)**

Real Property	\$ 102,523,660
Tangible Personal Property	<u>839,060</u>
Total	<u><u>\$ 103,362,720</u></u>

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 earlier or later payment dates to be established.

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

The County Treasurer collects property tax on behalf of all taxing districts in the County, including the City of St. Clairsville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2010, and for which there is an enforceable legal claim.

In the general fund, and the police levy and police pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2010 consisted of taxes, accounts (billings for user charged services including unbilled utility services), loans, interfund and intergovernmental receivables arising from grants and shared revenues. All receivables are deemed collectible in full.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 8 - CAPITAL ASSETS**

A summary of changes in capital assets during 2010 follows:

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,271,438	\$ 0	\$ 0	\$ 1,271,438
Construction in Progress	2,096,603	118,785	(2,215,388)	0
<i>Total Capital Assets Not Being Depreciated</i>	3,368,041	118,785	(2,215,388)	1,271,438
 <i>Capital Assets, Being Depreciated:</i>				
Buildings	2,180,616	0	0	2,180,616
Improvements Other Than Buildings	146,751	0	0	146,751
Machinery and Equipment	516,792	2,200	0	518,992
Vehicles	294,526	0	0	294,526
Infrastructure	3,850,185	2,215,388	0	6,065,573
<i>Total Capital Assets, Being Depreciated</i>	6,988,870	2,217,588	0	9,206,458
 <i>Less Accumulated Depreciation:</i>				
Buildings	(1,829,409)	(49,606)	0	(1,879,015)
Improvements Other Than Buildings	(64,559)	(6,297)	0	(70,856)
Machinery and Equipment	(255,830)	(33,461)	0	(289,291)
Vehicles	(133,720)	(17,846)	0	(151,566)
Infrastructure	(418,144)	(135,592)	0	(553,736)
<i>Total Accumulated Depreciation</i>	(2,701,662)	(242,802) *	0	(2,944,464)
 <i>Total Capital Assets Being Depreciated, Net</i>	4,287,208	1,974,786	0	6,261,994
 <i>Total Governmental Activities Capital Assets, Net</i>	\$ 7,655,249	\$ 2,093,571	\$ (2,215,388)	\$ 7,533,432

\*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 19,537
Leisure Time Activities	92,723
Security of Persons and Property	11,568
Transportation	98,131
Community and Economic Development	20,843
Total	\$ 242,802

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 8 - CAPITAL ASSETS (Continued)**

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
<b>Business-Type Activities</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 320,596	\$ 0	\$ 0	\$ 320,596
<i>Total Capital Assets Not Being Depreciated</i>	<u>320,596</u>	<u>0</u>	<u>0</u>	<u>320,596</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings	2,439,512	0	0	2,439,512
Machinery and Equipment	859,146	2,960	0	862,106
Vehicles	276,808	0	0	276,808
Infrastructure	21,672,396	34,876	0	21,707,272
<i>Total Capital Assets, Being Depreciated</i>	<u>25,247,862</u>	<u>37,836</u>	<u>0</u>	<u>25,285,698</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(808,712)	(66,928)	0	(875,640)
Machinery and Equipment	(449,857)	(56,712)	0	(506,569)
Vehicles	(170,080)	(12,002)	0	(182,082)
Infrastructure	(15,032,877)	(674,098)	0	(15,706,975)
<i>Total Accumulated Depreciation</i>	<u>(16,461,526)</u>	<u>(809,740)</u>	<u>0</u>	<u>(17,271,266)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>8,786,336</u>	<u>(771,904)</u>	<u>0</u>	<u>8,014,432</u>
<i>Total Business-Type Activities Capital Assets, Net</i>	<u>\$ 9,106,932</u>	<u>\$ (771,904)</u>	<u>\$ 0</u>	<u>\$ 8,335,028</u>

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 9 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has a Public Employee Dishonesty policy with a \$100,000 limit with Westfield Insurance through Pilney, Costine & Foster Insurance Agency. The City's Public Official's Liability policy has a \$1,000,000 liability limit with a \$2,500 deductible with Scottsdale, through Pilney, Costine & Foster Insurance Agency. The City's Comprehensive Package is with Westfield Insurance, also through Pilney, Costine & Foster Insurance Agency. The liability limits are: general aggregate limit of \$2,000,000; products aggregate limit of \$2,000,000; personal and advertising injury limit of \$1,000,000; each occurrence limit of \$1,000,000; fire damage limit (any one fire) of \$150,000, no medical expense coverage. The City's Law Enforcement Liability is with Scottsdale Insurance Co., through Pilney, Costine & Foster Insurance Agency. The liability limit is \$5,000,000 with a \$2,500 deductible. The City's vehicle insurance is with Westfield Insurance Company (Pilney, Costine & Foster Insurance Agency). The liability limits are: bodily injury & property damage combined single limit \$1,000,000, no medical payments coverage; uninsured motorist's bodily injury of \$1,000,000 combined single limit. The vehicle insurance deductible for comprehensive coverage is \$250. The collision deductible is either \$500 or \$1,000, depending on vehicle. The Commercial Umbrella policy with Scottsdale Insurance Company has a \$5,000,000 limit.

Settlement claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

***A. Ohio Public Employees Retirement System***

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll and public safety members and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's contribution rate for 2010 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. For 2010, a portion of the City's contribution of covered payroll was allocated to fund the post-employment health care plan. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010 and 4.23 percent from March 1 through December 31, 2010.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$127,373, \$124,128 and \$118,752, respectively; 92.4 percent has been contributed for 2010 and 100 percent for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$5,582 made by the City and \$3,987 made by plan members.

***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 pension 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 information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary, while employers are required to contribute 19.5 percent and 24 percent respectively for police officers and firefighters. The City has no firefighters. Contributions are authorized by State statute. For 2010, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's contributions to OP&F for police for the years ended December 31, 2010, 2009 and 2008 were \$54,709, \$62,025 and \$61,139, respectively. The full amount has been contributed for 2009 and 2008. 78.5 percent has been contributed for police 2010.

***C. Medicare System***

All employees hired after April 1, 1986 are required to contribute to Medicare at a rate of 1.45 percent of their covered salary. The City of St. Clairsville is required to contribute 1.45 percent also. It is paid bi-weekly with the employee's federal withholding by bank transfer within three working days of the pay date. There is a liability reported under intergovernmental payables in each fund for Medicare on the accrued wages only. All other contributions were paid for the year.



**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 11 – POSTEMPLOYMENT BENEFITS**

***A. Ohio Public Employees Retirement System***

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care 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 2010, local government employers contributed 14 percent of covered payroll (17.87 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010 and 4.23 percent from March 1 through December 31, 2010.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$92,869, \$124,128 and \$118,752, respectively; 92.4 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

***B. Police and Firemen's Disability and Pension Fund***

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit 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 healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2010 and 2009, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$28,964, \$32,837 and \$32,367 for the years ended December 31, 2010, 2009 and 2008. The full amount has been contributed for 2009 and 2008. 78.5 percent has been contributed for 2010.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 12 - OTHER EMPLOYEE BENEFITS**

***A. Additional Insurance***

The City provides life insurance and accidental death and dismemberment insurance to employees, excluding part-time elected officials, appointed part-time officials, and part-time employees. The policy is in the amount of \$25,000 life insurance and \$25,000 accidental death and dismemberment.

The City contracts with Health Plan of the Upper Ohio Valley for hospitalization insurance and Delta Dental for dental insurance for all employees, excluding part-time elected officials, part-time appointed officials, and part-time employees. The City offers Ohio AFSCME Eye Care and Hearing Care for AFSCME and FOP members. The City contracts with Vision Service Plan for eye care for full-time employees that are not in a union and elected officials who choose to pay for it themselves. The City and employees share the cost of the total monthly premiums of \$1,475.42 family health care, \$590.17 single health care; \$111.99 family dental care, \$32.13 single dental care, employee and one dependent dental care \$59.81; and \$7.25 family or single eye and hearing care for union employees and \$20.00 for non-union employees. Health insurance co-payments for doctors' visits are reimbursed by the City. Premiums and co-payments are paid from the same funds that pay the employee's salaries.

***B. Compensated Absences***

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation time based on the length of service. Typically, vacation can not be carried over; however, unforeseen circumstances may come into play and the supervisor may elect to permit an employee to carryover minimal vacation time. Sick leave is accumulated at a rate of 4.6 hours per each 80 hours worked. For employees that work less than a 40 hour work week, the sick leave accumulation is prorated based on 4.6 hours per 80 hours worked. All accumulated, unused vacation time and personal days are paid upon separation if the employee has acquired at least one year of service with the City. Upon separation, AFSCME members and non-union employees other than police, are paid for a maximum of 480 hours of accumulated sick time provided they have ten years of service with OPERS. Police are paid a maximum of 600 hours of accumulated sick time provided they have ten years of service with the City. As of December 31, 2010, the liability for unpaid compensated absences was \$137,077.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 13 - LONG-TERM OBLIGATIONS**

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>Governmental Activities:</b>			
Recreation Commercial Loan	4.36%	\$ 1,000,000	10/27/2025
General Obligation Bonds:			
Road Equipment	4.0-5.5%	35,000	12/01/2017
Recreational Facilities	4.00%	70,000	12/01/2013
Recreational Bike Trails	4.00%	135,000	12/01/2012
Recreational Facilities	4.0-5.0%	75,000	12/01/2032
Ohio Public Works Commission (OPWC) Loans:			
Bett-Mar & Franklin St. Reconstruction	0.00%	116,589	01/01/2029
St. Clairsville Road Project	0.00%	98,372	07/01/2030
<b>Business-Type Activities:</b>			
Ohio Public Works Commission (OPWC) Loans:			
Belmont Drive Pump Station Replacement	0.02%	74,000	01/01/2025
East Main Force Liner	0.02%	214,890	07/01/2023
Wastewater System Repairs	0.02%	133,216	07/01/2024
Water Transmission Connection	0.02%	52,875	01/01/2026
Joint Sewer Rural Development Loan	6.125%	146,600	01/01/2032
General Obligation Bonds:			
Water System Improvements	4.0-5.5%	255,000	12/01/2032
Wastewater System Improvements	4.0-5.0%	65,000	12/01/2032
Wastewater B System Improvements	4.0-5.5%	65,000	12/01/2029
Sanitary Sewer System Improvements	4.0-5.5%	185,000	12/01/2017
Sewer System Equipment	4.0-5.5%	95,000	12/01/2017
Light Garage Construction	4.0-5.5%	1,045,000	12/01/2025
Electric System Substation	4.0-5.5%	1,500,000	12/01/2027
Electric System	4.0-5.5%	3,470,000	12/01/2032

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 13 - LONG-TERM OBLIGATIONS (Continued)**

Changes in long-term obligations of the City during the year ended December 31, 2010 consisted of the following:

	<u>Principal Balance 12/31/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Balance 12/31/2010</u>	<u>Due in One Year</u>
<b>Governmental Activities:</b>					
OPWC Loans:					
Bett-Mar Franklin	\$ 113,674	\$ 0	\$ (5,829)	\$ 107,845	\$ 5,829
St. Clairsville Road Project	94,627	3,745	0	98,372	4,919
<i>Total OPWC Loans</i>	<u>208,301</u>	<u>3,745</u>	<u>(5,829)</u>	<u>206,217</u>	<u>10,748</u>
General Obligation Bonds:					
Road Equipment	35,000	0	0	35,000	5,000
Recreational Facilities	50,000	0	(10,000)	40,000	10,000
Recreational Bike Trails	85,000	0	(25,000)	60,000	30,000
Recreational Facilities	75,000	0	0	75,000	0
<i>Total General Obligation Bonds</i>	<u>245,000</u>	<u>0</u>	<u>(35,000)</u>	<u>210,000</u>	<u>45,000</u>
Recreation Commercial Loan	862,491	0	(38,246)	824,245	39,933
Compensated Absences	80,259	23,145	(12,564)	90,840	42,052
Capital Leases	38,797	0	(18,843)	19,954	19,954
<i>Total Governmental Activities</i>	<u>\$ 1,434,848</u>	<u>\$ 26,890</u>	<u>\$ (110,482)</u>	<u>\$ 1,351,256</u>	<u>\$ 157,687</u>
<b>Business-Type Activities:</b>					
OPWC Loans:					
Water Transmission Connection	\$ 45,073	\$ 0	\$ (2,331)	\$ 42,742	\$ 2,378
Belmont Drive Pump Station Replacement	66,076	0	(3,188)	62,888	3,252
East Main Force Main Liner	164,045	0	(9,857)	154,188	10,055
Wastewater System Repairs	104,707	0	(6,050)	98,657	6,172
<i>Total OPWC Loans</i>	<u>379,901</u>	<u>0</u>	<u>(21,426)</u>	<u>358,475</u>	<u>21,857</u>
General Obligation Bonds:					
Various Water System Improvements	250,000	0	(5,000)	245,000	5,000
Unamortized Premium	7,473	0	(325)	7,148	0
Various Wastewater System Improvements	350,000	0	(35,000)	315,000	40,000
Unamortized Premium	11,340	0	(1,418)	9,922	0
Various Light System Improvements	5,745,000	0	(140,000)	5,605,000	140,000
Unamortized Premium	131,344	0	(6,304)	125,040	0
<i>Total General Obligation Bonds</i>	<u>6,495,157</u>	<u>0</u>	<u>(188,047)</u>	<u>6,307,110</u>	<u>185,000</u>
Joint Sewer Rural Development	121,238	0	0	121,238	5,278
Compensated Absences	26,512	23,306	(3,581)	46,237	6,160
<i>Total Business-Type Activities</i>	<u>\$ 7,022,808</u>	<u>\$ 23,306</u>	<u>\$ (213,054)</u>	<u>\$ 6,833,060</u>	<u>\$ 218,295</u>

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 13 - LONG-TERM OBLIGATIONS (Continued)**

During 2009, the City entered into a loan agreement with Ohio Public Work Commission (OPWC) for the St. Clairsville Road project. At December 31, 2010, the total amount of the loan was \$98,372 with a zero percent interest rate and matures July 1, 2030. This loan will be paid with gasoline and motor vehicle license tax money.

The OPWC loans will be paid from revenues derived from charges for services in the enterprise funds. The City and Belmont County are jointly obligated for the Rural Development Loan for Water Works System #3, Phase I Project. At December 31, 2010, the total debt was \$1,653,997 with the City's share being 7.33 percent or \$121,238. The commercial loan will be paid with recreation fees and general revenues. Compensated absences will be paid from the fund from which the employees' salaries are paid.

During 2007, the City issued \$6,995,000 of various purpose general obligation bonds, which included serial and term bonds in the amount of \$5,025,000 and \$1,970,000, respectively. The bonds were issued for a twenty-five year period with final maturity at December 1, 2032.

The bonds were issued with a premium of \$166,251, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for year 2010 was \$8,047. The issuance costs of \$109,332 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for year 2010 was \$5,269.

During 2005 the City entered into a recreation commercial loan agreement for \$1,000,000 with PNC Bank, formerly National City Bank, for the issuance of bonds for the purpose of acquiring property from the Belmont County Agricultural Society. This loan will be paid from the recreation debt service fund derived from property taxes.

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**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 13 - LONG-TERM OBLIGATIONS (Continued)**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010 are as follows:

Year	General Obligation Bonds		OPWC Loans		Rural Development Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	230,000	281,392	32,605	7,061	5,278	7,269
2012	240,000	272,193	33,045	6,621	2,859	7,103
2013	220,000	262,592	33,493	6,173	3,005	6,927
2014	240,000	253,793	33,950	5,716	3,225	6,743
2015	245,000	241,792	34,417	5,250	3,445	6,546
2016-2020	1,430,000	1,017,163	179,413	18,919	20,451	29,326
2021-2025	1,800,000	687,921	164,575	6,008	27,561	22,224
2026-2030	1,390,000	331,150	53,194	149	37,163	12,688
2031-2032	580,000	43,750	0	0	18,251	1,693
	<u>\$ 6,375,000</u>	<u>\$3,391,746</u>	<u>\$ 564,692</u>	<u>\$ 55,897</u>	<u>\$ 121,238</u>	<u>\$ 100,519</u>

  

Year	Commercial Loan		Total	
	Principal	Interest	Principal	Interest
2011	39,933	35,506	307,816	331,228
2012	41,693	33,746	317,597	319,663
2013	43,530	31,909	300,028	307,601
2014	45,449	29,990	322,624	296,242
2015	47,452	27,987	330,314	281,575
2016-2020	270,538	106,658	1,900,402	1,172,066
2021-2025	335,650	41,545	2,327,786	757,698
2026-2030	0	0	1,480,357	343,987
2031-2032	0	0	598,251	45,443
	<u>\$ 824,245</u>	<u>\$ 307,341</u>	<u>\$ 7,885,175</u>	<u>\$ 3,855,503</u>

**NOTE 14 – CAPITALIZED LEASES**

In 2009, the City entered into a lease for the acquisition of two police cruisers. This lease meets the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee.

The capital asset acquired by the lease has been capitalized in the government wide statements governmental activities in the amounts of \$59,929, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded and is reduced for each required principal payment.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 14 – CAPITALIZED LEASES (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2010:

	Governmental Activities
Year Ending December 31, 2011	\$ 21,131
Less: amount representing interest	<u>(1,177)</u>
Present value of minimum lease payments	<u><u>\$ 19,954</u></u>

**NOTE 15 – INTERFUND ACTIVITY**

*A. Interfund Transfers*

Interfund transfers for the year ended December 31, 2010, consisted of the following:

Governmental Activities	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$ 988,078
Street	196,700	0
Recreation	216,001	0
Police	386,100	0
Landscape and Grounds	81,300	0
Litter	6,600	0
Police Pension	54,600	0
Bike Trail	35,600	0
Bike Trail Maintenance	11,177	0
General Escrow	162,100	0
Light	<u>0</u>	<u>162,100</u>
<i>Totals</i>	<u><u>\$ 1,150,178</u></u>	<u><u>\$ 1,150,178</u></u>

The general fund transfers were made to provide additional resources for current operations and capital improvements. The light fund transfer was made from one capital improvement fund to another capital improvement fund to pay expenses.



**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 15 – INTERFUND ACTIVITY (Continued)**

***B. Interfund Balances***

As of December 31, 2010, receivables and payables that resulted from interfund transactions were as follows:

	Advances To Other Funds	Advances From Other Funds
<b>Governmental Funds</b>		
General	\$ 860	\$ 100,000
General Escrow	0	150,000
Street Assessment	0	860
<i>Total Governmental Funds</i>	\$ 860	\$ 250,860
<b>Enterprise Funds</b>		
Water	\$ 0	\$ 263,000
Sewer	158,000	0
Light	355,000	0
<i>Total Enterprise Funds</i>	\$ 513,000	\$ 263,000
<b><i>Total Interfund Balances</i></b>	<b>\$ 513,860</b>	<b>\$ 513,860</b>

	Due To Other Funds	Due From Other Funds
General Fund	\$ 0	\$ 113,229
General Escrow Fund	113,229	0
<b>Total</b>	<b>\$ 113,229</b>	<b>\$ 113,229</b>

In 2010, the Light fund advanced money to the General fund and General Escrow fund to eliminate a negative cash balance at year end. In prior years, the General fund advanced money to the Street Assessment fund to provide additional resources for current operations. In prior years, the Sewer and Light funds advanced money to the Water fund to provide additional resources for current operations.

The General Escrow fund is due money from the General fund for expenses paid out of the General Escrow fund for the CIC.

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

***A. Ohio Mid-Eastern Governments Association (OMEGA)***

The City is associated with Ohio Mid-Eastern Governments Association (OMEGA), which is a ten county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Year Ended December 31, 2010*

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The Mayor of the City of St. Clairsville serves as the City's representative on the board, however the City is not active. Each member currently pays a per capita membership fee based upon the most recent United States census. During 2010, no fees were paid to OMEGA. The continued existence of OMEGA is not dependent on the City's continued participation and no equity interest exists. OMEGA has no outstanding debt.

***B. Jefferson-Belmont Joint Solid Waste Authority***

The City is also associated with Jefferson-Belmont Joint Solid Waste Authority ("Authority") as a jointly governed organization. The Authority is established by State statutes and is operated to provide solid waste services to Jefferson and Belmont counties. The Authority is governed by a fourteen member board of directors of which the Mayor of the City of St. Clairsville is a member. The Authority is not dependent on the City of St. Clairsville for its continued existence, no debt exists, and the City does not maintain an equity interest. The City does not make any monetary contributions to the Authority.

***C. Bel-O-Mar Regional Council***

Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the City of St. Clairsville serves as the City's representative on the board. The Council is not dependent upon the City of St. Clairsville for its continued existence, no debt exists, and the City does not maintain an equity interest. During 2010, the City made a contribution of \$1,669 to Bel-O-Mar Regional Council.

***D. Southeastern Ohio Narcotics Task Force (SENT)***

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Belmont, Carroll, Guernsey, Harrison, Monroe, and Tuscarawas counties. The Task Force is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match 25 percent. Of the 14 members of the board, the Police Chief of the City of St. Clairsville acts as the City's representative on the board. Each member's control over the operation of SENT is limited to its representation on the board, and the City does not maintain an equity interest. During 2010, the City made no contribution to the Task Force.

***E. Belmont County Board of Health***

Belmont County Board of Health is operated as a non-profit organization formed to provide health care services to all areas within Belmont County. The governing board is comprised of officials from Belmont County. The City of St. Clairsville has a contract with the Board of Health. The Board is not dependent upon the City of St. Clairsville for its continued existence, no debt exists, and the City does not maintain an equity interest. During 2010, Belmont County Board of Health received \$16,197 from the City of St. Clairsville for annual fees, which are deducted from the property tax collections and distributed to the Board by the County Auditor.

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2010.

**B. Litigation**

The City of St. Clairsville, Ohio is a defendant in a few lawsuits, the outcome of which cannot be determined. It is the opinion of the City's management that any judgment against the City would not have a material adverse effect on the City's financial position.

**NOTE 18 – COMPONENT UNIT**

As described in Note 1, the City has a discretely presented component unit. The significant accounting disclosures for the component unit follow.

The St. Clairsville Community Improvement Corporation ("CIC") incorporated in 2007 as an Ohio not-for-profit corporation. The CIC was organized and shall be operated to serve residents of the City in the revitalization and enhancement of property and the business environment with the City by advancing, encouraging and promoting the industrial economic, commercial and civic development of the City.

***Significant Accounting Policies and Disclosures for the CIC***

The financial statements are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Boards Statements and Interpretations (FASB) and reports on a December 31 fiscal year end.

**Cash** The CIC had cash on deposit of \$900 at December 31, 2010. The balance is insured by FDIC.

**Capital Assets** All capital assets of the CIC were donated by the City in 2008 and 2009 and are reported at the fair market value at the time of donation. The building has not been placed in service and therefore is not being depreciated. A summary of changes in capital assets during 2010 follows:

	Balance 12/31/2009	Additions	Deletions	Balance 12/31/2010
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 46,343	\$ 0	\$ 0	\$ 46,343
<i>Depreciable Capital Assets</i>				
Buildings	866,376	0	0	866,376
<b>Total Capital Assets</b>	<b>\$ 912,719</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 912,719</b>

**City of St. Clairsville, Ohio**  
*Notes to the Basic Financial Statements (Continued)*  
For the Year Ended December 31, 2010

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**NOTE 18 – COMPONENT UNIT (Continued)**

**Loans Payable** During 2008 the CIC entered into a loan agreement with the City to provide resources for current operations. The principal amount of the loan is \$9,000. The loan was issued with a two percent interest rate and will be repaid over a period of five years. During 2010 the City loaned an additional \$301,550. Repayment of these loans is contingent upon sale of the building. There is no amortization schedule for the new loan due to the contingency of the sale of the building.

Changes in the loan obligation of the CIC during the year ended December 31, 2010 is as follows:

Principal balance 12/31/09	\$	7,161
Additions	\$	301,550
Reductions		<u>0</u>
Principal balance 12/31/10	\$	<u><u>308,711</u></u>

Principal and interest requirements to retire the outstanding debt are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3,405	633	4,038
2012	1,831	188	2,019
2013	<u>303,475</u>	<u>96</u>	<u>303,571</u>
	<u>\$ 308,711</u>	<u>\$ 917</u>	<u>\$ 309,628</u>

**CITY OF ST CLAIRSVILLE  
BELMONT COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>FEDERAL GRANTOR/ Pass Through Grantor/ Program Title</b>	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants-State's Program			
Revolving Loan	N/A	14.228	\$301,550
Community Housing Improvement Program	A-C-08-178-1		<u>28,782</u>
Total Community Development Block Grant-State's Program			330,332
Home Investment Partnerships Program			
Community Housing Improvement Program	A-C-08-178-2	14.239	<u>121,410</u>
Total U.S. Department of Housing and Urban Development			451,742
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction			
	PID 80905	20.205	27,654
	PID 80906		<u>188,857</u>
Total Highway Planning and Construction			<u>216,511</u>
Total U.S. Department of Transportation			<u>216,511</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$668,253</u></u></b>

*The Notes to the Federal Awards Expenditures Schedule is an integral part of this Schedule.*

**CITY OF ST. CLAIRSVILLE  
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City's federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010	\$381,258
Loans made	301,550
Loan principal repaid	11,502
Ending loans receivable balance as of December 31, 2010	\$671,306
Cash balance on hand in the revolving loan fund as of December 31, 2010	\$107,499
Administrative costs expended during 2010	0

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2010, \$2,019 was more than 90 days past due.

**NOTE C - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# Dave Yost • Auditor of State

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

City of St. Clairsville  
Belmont County  
100 North Market Street  
P.O. Box 537  
St. Clairsville, Ohio 43950

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated August 15, 2011.

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.

We intend this report solely for the information and use of management, City Council, federal awarding agencies, pass-through entities, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

August 15, 2011





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City of St. Clairsville  
Belmont County  
100 North Market Street  
P.O. Box 537  
St. Clairsville, Ohio 43950

To the City Council:

### Compliance

We have audited the compliance of the City of St. Clairsville, Belmont County, Ohio (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City's major federal program for the year ended December 31, 2010. The Summary of Auditor's results section of the accompanying Schedule of Findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated August 15, 2011.

We intend this report solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

August 15, 2011

**CITY OF ST. CLAIRSVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505  
DECEMBER 31, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Community Development Block Grants-State's Program CFDA #14.228
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2010-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the County Budget Commission.

The Water Fund had appropriations of \$921,540 and estimated resources of \$664,550 at December 31, 2010. Therefore, appropriations exceeded estimated resources by \$256,990.

**CITY OF ST. CLAIRSVILLE  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505  
DECEMBER 31, 2010  
(Continued)**

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

**FINDING NUMBER 2010-001  
(Continued)**

**Noncompliance Citation - Ohio Rev. Code Section 5705.39 (Continued)**

We recommend City Council and the Finance Director monitor appropriations and estimated resources and file amendments as needed with the County Auditor to ensure the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

**Officials' Response:** The variance is related to a \$263,000 unpaid advance. When I do the year-end certificate I have to list all unpaid advances. The County Auditor certifies the net amount. There is no way the Water department can operate at \$600,000+ which is what the net amount certified is going to be until the advance is repaid.

**FINDING NUMBER 2010-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

At December 31, 2010, the City had the following funds for which expenditures plus current year encumbrances exceeded appropriations plus prior year encumbrances:

Fund	Appropriations	Expenditures	Variance
General	\$1,116,755	\$1,484,018	(\$367,263)
Police	743,000	920,591	(177,591)
Transportation Enhancement	800,000	886,109	(86,109)
Water	921,540	934,398	(12,858)
Water Replacement and Improvement	15,000	19,158	(4,158)

The violations in the above noted funds were due to an audit adjustment made to reduce appropriations by a 2010 appropriations amendment that was not approved by Council until January 3, 2011. Ohio Rev. Code Section 5705.38(A) allows supplemental appropriation measures based on amended certificates to be passed during the year the appropriation measure was passed. It does not provide for amendments to be passed beyond that date.

We recommend the Finance Director present any appropriation amendments near the end of the year to City Council in a more timely manner to allow for its passage prior to year-end.

**Officials' Response:** We did not receive a response from Officials to this finding.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



# Dave Yost • Auditor of State

CITY OF ST. CLAIRSVILLE

BELMONT 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  
SEPTEMBER 13, 2011