

VILLAGE OF ST. BERNARD, OHIO

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2011**

Prepared by:
Peggy Brickweg
Village Auditor



Dave Yost • Auditor of State

Village Council
Village of St. Bernard
110 Washington Ave
St. Bernard, Ohio 45217

We have reviewed the *Independent Auditors' Report* of the Village of St. Bernard, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of St. Bernard is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 10, 2012

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VILLAGE OF ST. BERNARD, OHIO

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VILLAGE OF ST. BERNARD, OHIO

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Village Council
Village of St. Bernard, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of St. Bernard, Ohio, (the Village) as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village, as of December 31, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, during the year ended December 31, 2011, the Village implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*".

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting 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 assurance.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
August 31, 2012

VILLAGE OF ST. BERNARD, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2011*

Unaudited

The discussion and analysis of the Village of St. Bernard's financial performance provides an overall review of the Village's financial activities for the fiscal year ended December 31, 2011. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Village's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2011 are as follows:

- ❑ Net assets decreased \$1,528,120, which represents a 6% decrease from 2011.
- ❑ General revenues accounted for \$13.2 million in revenue or 90% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1.5 million or just less than 10% of total revenues of \$14.7 million.
- ❑ The Village had \$16.2 million in expenses related to governmental activities; only \$1.5 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13.2 million and net assets were adequate to provide for these programs.
- ❑ Among major funds, the General Fund had \$12.8 million in revenues and \$11.9 million in expenditures. The General Fund's fund balance decreased \$1,798,181 million to \$3,866,723.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the Village:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the Village's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the Village, reporting the Village's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

VILLAGE OF ST. BERNARD, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2011*

Unaudited

Government-Wide Financial Statements

The government-wide statements report information about the Village as a whole using accepting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net assets and how they have changed. Net assets (the difference between the Village's assets and liabilities) is one way to measure the Village's financial health or position.

- Over time, increases or decreases in the Village's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Village you need to consider additional nonfinancial factors such as the Village's tax base and the condition of the Village's capital assets.

The government-wide financial statements of the Village reflect the following category of its activities:

- *Governmental Activities* – All of the Village's programs and services are reported here, including security of persons and property, public health and welfare services, leisure time activities, community environment, basic utility services, transportation, general government and other expenditures.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds, not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the Village'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. The governmental fund statements provide a detailed short-term view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. 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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Village's own programs. All of the Village's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets.

VILLAGE OF ST. BERNARD, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2011*

Unaudited

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The following table provides a comparison of the Village's net assets as of December 31, 2011 and 2010:

	Governmental Activities	
	2011	2010
Current and other assets	\$8,531,148	\$8,678,105
Capital assets, Net	23,983,392	21,564,492
Total assets	32,514,540	30,242,597
Long-term debt outstanding	7,112,970	4,323,831
Other liabilities	2,167,566	1,156,642
Total liabilities	9,280,536	5,480,473
Net assets		
Invested in capital assets, net of related debt	19,391,994	19,635,861
Restricted	2,318,883	1,639,444
Unrestricted	1,523,127	3,486,819
Total net assets	<u>\$23,234,004</u>	<u>\$24,762,124</u>

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VILLAGE OF ST. BERNARD, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 and 2010:

	Governmental Activities	
	2011	2010
Revenues		
Program revenues:		
Charges for Services and Sales	\$313,538	\$371,100
Operating Grants and Contributions	1,208,163	271,203
Capital Grants and Contributions	0	1,985,931
General revenues:		
Municipal Income Taxes	9,915,393	8,485,876
Property Taxes	1,734,095	1,955,471
Grants and Entitlements not Restricted to Specific Programs	994,245	934,529
Investment Earnings	44,774	95,990
Miscellaneous	475,388	54,682
Total revenues	<u>14,685,596</u>	<u>14,154,782</u>
Program Expenses		
Security of Persons and Property	5,826,502	5,065,629
Public Health and Welfare Services	85,658	248,466
Leisure Time Activities	520,632	486,123
Community Environment	232,428	14,862
Basic Utility Services	0	1,779
Transportation	1,346,149	1,621,090
General Government	6,365,793	4,591,065
Other Expenditures	1,692,542	1,348,964
Interest and Fiscal Charges	144,012	74,909
Total expenses	<u>16,213,716</u>	<u>13,452,887</u>
Total Change in Net Assets	(1,528,120)	701,895
Beginning Net Assets	<u>24,762,124</u>	<u>24,060,229</u>
Ending Net Assets	<u><u>\$23,234,004</u></u>	<u><u>\$24,762,124</u></u>

Governmental Activities

Net assets of the Village's governmental activities decreased \$1,528,120. This decrease can mostly be attributed to the selling of Vine Street property at a loss.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

VILLAGE OF ST. BERNARD, OHIO

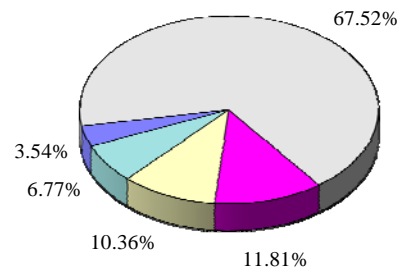
**Management's Discussion and Analysis
For the Year Ended December 31, 2011**

Unaudited

The Village also receives an income tax. The income tax is based on 2.1% of all salaries, wages, commissions and other compensation and on net profits earned within the Village as well as on income of residents earned outside the Village.

Municipal income taxes and property taxes made up 67.52% and 11.81% respectively of revenues for governmental activities for the Village in fiscal year 2011. The Village's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2011	Percent of Total
Municipal Income Taxes	\$9,915,393	67.52%
Property Taxes	1,734,095	11.81%
Program Revenues	1,521,701	10.36%
Grants and Entitlements	994,245	6.77%
General Other	520,162	3.54%
Total Revenue	<u>\$14,685,596</u>	<u>100.00%</u>



FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village's governmental funds reported a combined fund balance of \$6,176,867, which is a decrease from last year's balance of \$7,251,319. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2011 and 2010:

	Fund Balance December 31, 2011	Fund Balance December 31, 2010	Increase (Decrease)
General	\$3,866,723	\$5,664,904	(\$1,798,181)
Community Improvement Corporation	\$245,779	(\$285,115)	530,894
Master Plan			
Capital Improvement	1,120,132	844,659	275,473
Other Governmental	944,233	1,026,871	(82,638)
Total	<u>\$6,176,867</u>	<u>\$7,251,319</u>	<u>(\$1,074,452)</u>

VILLAGE OF ST. BERNARD, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

General Fund – The Village's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2011 Revenues	2010 Revenues	Increase (Decrease)
Taxes	\$11,529,564	\$10,298,681	\$1,230,883
Intergovernmental Revenues	616,545	647,179	(30,634)
Charges for Services	161,923	165,301	(3,378)
Licenses and Permits	49,072	50,614	(1,542)
Investment Earnings	58,601	97,581	(38,980)
Fines and Forfeitures	48,430	35,829	12,601
All Other Revenue	323,411	201,319	122,092
Total	\$12,787,546	\$11,496,504	\$1,291,042

General Fund revenues in 2011 increased 11.2% compared to revenues in fiscal year 2010. This can mostly be attributed to an increase in income tax receipts.

	2011 Expenditures	2010 Expenditures	Increase (Decrease)
Security of Persons and Property	\$5,321,191	\$4,856,925	\$464,266
Public Health and Welfare Services	85,658	248,466	(162,808)
Leisure Time Activities	147,564	152,839	(5,275)
Basic Utility Services	0	1,779	(1,779)
Transportation	118,775	106,403	12,372
General Government	4,542,158	4,384,810	157,348
Other Expenditures	1,692,542	1,348,964	343,578
Debt Service:			
Interest and Fiscal Charges	3,638	0	3,638
Total	\$11,911,526	\$11,100,186	\$811,340

VILLAGE OF ST. BERNARD, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

General Fund expenditures increased \$811,340 over the prior year due mainly to increased personnel costs and insurance costs.

The Village'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 fiscal year 2011 the Village amended its General Fund budget several times.

For the General Fund, actual budget basis revenues were higher than original and final estimates due to increases in tax receipts. Original, final and actual budget basis expenditures were not significantly different. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011 the Village had \$23,983,392 net of accumulated depreciation invested in land, land improvements, buildings and improvements, infrastructure, and machinery and equipment. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$6,983,866	\$6,212,252	\$771,614
Land Improvements	4,865,624	4,709,835	155,789
Buildings and Improvements	6,839,964	5,093,018	1,746,946
Infrastructure	16,642,754	16,208,675	434,079
Machinery and Equipment	5,988,541	5,522,256	466,285
Less: Accumulated Depreciation	(17,337,357)	(16,181,544)	(1,155,813)
Totals	<u>\$23,983,392</u>	<u>\$21,564,492</u>	<u>\$2,418,900</u>

Increases in land and in buildings and improvements can be attributed to purchases of the Imwalle Building and Vine Street Shopping Center. Additional information on the Village's capital assets can be found in Note 9.

VILLAGE OF ST. BERNARD, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2011***

Unaudited

Debt

At December 31, 2011, the Village had \$1,765,000 in bonds outstanding, \$140,000 due within one year. The following table summarizes the Village's debt outstanding as of December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Governmental Activities:		
General Obligation Bonds	\$1,765,000	\$1,900,000
Long Term Promissory Notes	2,800,000	0
Ohio Public Works Commission Loans	26,398	28,631
Police/Fire Accrued Pension	747,194	765,494
Compensated Absences	1,774,378	1,629,706
Total Governmental Activities	<u>\$7,112,970</u>	<u>\$4,323,831</u>

Additional information on the Village's long-term debt can be found in Note 14.

ECONOMIC FACTORS

During 2011, the legal status of the municipality was changed to the Village of St. Bernard (formerly the City of St. Bernard), as the population of the municipality, based on data from the 2010 census, decreased below 5,000, to 4,368.

The preceding financial information reflects that the Village remains heavily dependent on its local earnings tax and property taxes. While property tax revenues declined from prior year levels, increases in other sources, primarily in income tax revenues, provided for an overall increase to Village revenues of approximately \$500,000 during 2011.

The Village also experienced an increase to General Fund revenues during 2011 of approximately 11% while expenditures increased approximately 7%. During 2011, the Village made several significant capital investments in its efforts to improve the community. Purchases of the Imwalle Building and Vine Street Shopping Center properties were made to provide further economic development opportunities within the Village. Even with these investments, the Village ended the year with reserves in excess of \$7.2 million.

The current challenge for all Governments is to provide quality services to the public while staying within its funding limits. This challenge remains especially true for St. Bernard. With careful planning and monitoring of the Village's finances, management is confident that current and future funding challenges can be overcome and quality services will continue to be provided to the people of St. Bernard.

VILLAGE OF ST. BERNARD, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2011*

Unaudited

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information contact Peggy Brickweg, Village Auditor of the Village of St. Bernard.

VILLAGE OF ST. BERNARD, OHIO

Statement of Net Assets *December 31, 2011*

	Governmental Activities
Assets:	
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 6,302,347
Cash and Cash Equivalents with Fiscal Agent	177,007
Receivables:	
Taxes	1,521,616
Accounts	124,899
Intergovernmental	250,856
Interest	25,414
Other Assets	1,000
Inventory of Supplies at Cost	79,888
Prepaid Items	41,818
Restricted Assets:	
Cash and Cash Equivalents	6,303
Capital Assets:	
Capital Assets Not Being Depreciated	6,983,866
Capital Assets Being Depreciated, Net	16,999,526
Total Assets	32,514,540
Liabilities:	
Accounts Payable	272,750
Accrued Wages and Benefits	12,532
Intergovernmental Payable	429,597
Claims Payable	98,061
Accrued Liabilities	3,825
Deferred Revenue	857,055
Accrued Interest Payable	70,319
General Obligation Notes Payable	423,427
Noncurrent liabilities:	
Due within one year	992,021
Due in more than one year	6,120,949
Total Liabilities	9,280,536
Net Assets:	
Invested in Capital Assets, Net of Related Debt	19,391,994
Restricted For:	
Capital Projects	1,169,022
Other Purposes	1,149,861
Unrestricted	1,523,127
Total Net Assets	\$ 23,234,004

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

Statement of Activities
For the Year Ended December 31, 2011

		Program Revenues		Net (Expense)
		Charges for	Operating Grants	Revenue and
		Services and	and	Changes in
	Expenses	Sales	Contributions	Net Assets
				Governmental
				Activities
Governmental Activities:				
Security of Persons and Property	\$ 5,826,502	\$ 136,828	\$ 640	\$ (5,689,034)
Public Health and Welfare Services	85,658	9,688	0	(75,970)
Leisure Time Activities	520,632	63,962	0	(456,670)
Community Environment	232,428	3,345	991,625	762,542
Transportation	1,346,149	21,729	215,898	(1,108,522)
General Government	6,365,793	77,986	0	(6,287,807)
Other Expenditures	1,692,542	0	0	(1,692,542)
Interest and Fiscal Charges	144,012	0	0	(144,012)
Totals	\$ 16,213,716	\$ 313,538	\$ 1,208,163	\$ (14,692,015)

General Revenues

Municipal Income Taxes	9,915,393
Property Taxes	1,734,095
Grants and Entitlements not Restricted to Specific Programs	994,245
Investment Earnings	44,774
Miscellaneous	475,388
Total General Revenues	13,163,895
Change in Net Assets	(1,528,120)
Net Assets Beginning of Year	24,762,124
Net Assets End of Year	\$ 23,234,004

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

**Balance Sheet
Governmental Funds
December 31, 2011**

	General	Community Improvement Corporation	Master Plan Capital Improvement
Assets:			
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 4,030,355	\$ 723,604	\$ 802,277
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Receivables:			
Taxes	1,469,642	0	0
Accounts	124,889	0	0
Intergovernmental	161,428	0	0
Interest	25,414	0	0
Other Assets	0	1,000	0
Inventory of Supplies, at Cost	79,888	0	0
Prepaid Items	41,818	0	0
Restricted Assets:			
Cash and Cash Equivalents	6,303	0	0
Advance to Other Funds	0	0	475,000
Total Assets	\$ 5,939,737	\$ 724,604	\$ 1,277,277
Liabilities:			
Accounts Payable	\$ 162,201	\$ 0	\$ 98,346
Accrued Wages and Benefits Payable	12,532	0	0
Intergovernmental Payable	370,798	0	58,799
Claims Payable	98,061	0	0
Accrued Liabilities	0	3,825	0
Deferred Revenue	1,002,357	0	0
Accrued Interest Payable	3,638	0	0
General Obligation Notes Payable	423,427	0	0
Advances from Other Funds	0	475,000	0
Total Liabilities	2,073,014	478,825	157,145
Fund Balances:			
Nonspendable	121,706	0	0
Restricted	0	245,779	1,120,132
Committed	0	0	0
Assigned	25,557	0	0
Unassigned	3,719,460	0	0
Total Fund Balances	3,866,723	245,779	1,120,132
Total Liabilities and Fund Balances	\$ 5,939,737	\$ 724,604	\$ 1,277,277

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 746,111	\$ 6,302,347
177,007	177,007
51,974	1,521,616
10	124,899
89,428	250,856
0	25,414
0	1,000
0	79,888
0	41,818
0	6,303
0	475,000
<u>\$ 1,064,530</u>	<u>\$ 9,006,148</u>
\$ 12,203	\$ 272,750
0	12,532
0	429,597
0	98,061
0	3,825
108,094	1,110,451
0	3,638
0	423,427
0	475,000
<u>120,297</u>	<u>2,829,281</u>
0	121,706
792,671	2,158,582
151,562	151,562
0	25,557
0	3,719,460
<u>944,233</u>	<u>6,176,867</u>
<u>\$ 1,064,530</u>	<u>\$ 9,006,148</u>

VILLAGE OF ST. BERNARD, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities December 31, 2011

Total Governmental Fund Balances	\$	6,176,867
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		23,983,392
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		253,396
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(1,765,000)	
Long Term Promissory Notes	(2,800,000)	
Ohio Public Works Commission Loans Payable	(26,398)	
Police/Fire Accrued Pension Liability	(747,194)	
Compensated Absences Payable	(1,774,378)	
Accrued Interest Payable	(66,681)	
	<u> </u>	<u>(7,179,651)</u>
<i>Net Assets of Governmental Activities</i>	\$	<u>23,234,004</u>

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

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VILLAGE OF ST. BERNARD, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

	General	Community Improvement Corporation	Master Plan Capital Improvement
Revenues:			
Taxes	\$ 11,529,564	\$ 0	\$ 2,415
Intergovernmental Revenues	616,545	991,625	389,936
Charges for Services	161,923	3,345	150,415
Licenses and Permits	49,072	0	0
Investment Earnings	58,601	64	0
Fines and Forfeitures	48,430	0	0
All Other Revenue	323,411	0	0
Total Revenue	<u>12,787,546</u>	<u>995,034</u>	<u>542,766</u>
Expenditures:			
Current:			
Security of Persons and Property	5,321,191	0	0
Public Health and Welfare Services	85,658	0	0
Leisure Time Activities	147,564	0	0
Community Environment	0	232,428	0
Transportation	118,775	0	0
General Government	4,542,158	0	0
Other Expenditures	1,692,542	0	0
Capital Outlay	0	303,457	5,776,583
Debt Service:			
Principal Retirement	0	0	0
Interest & Fiscal Charges	3,638	0	0
Total Expenditures	<u>11,911,526</u>	<u>535,885</u>	<u>5,776,583</u>
Excess (Deficiency) of Revenues Over Expenditures	876,020	459,149	(5,233,817)
Other Financing Sources (Uses):			
Sale of Capital Assets	19,439	71,745	457,990
General Obligation Notes Issued	0	0	2,800,000
Transfers In	0	0	2,251,300
Transfers Out	(2,696,376)	0	0
Total Other Financing Sources (Uses)	<u>(2,676,937)</u>	<u>71,745</u>	<u>5,509,290</u>
Net Change in Fund Balances	(1,800,917)	530,894	275,473
Fund Balances (Deficits) at Beginning of Year	5,664,904	(285,115)	844,659
Increase in Inventory Reserve	2,736	0	0
Fund Balances (Deficits) End of Year	<u>\$ 3,866,723</u>	<u>\$ 245,779</u>	<u>\$ 1,120,132</u>

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 115,948	\$ 11,647,927
217,906	2,216,012
33,448	349,131
0	49,072
87	58,752
18,882	67,312
0	323,411
386,271	14,711,617
145,524	5,466,715
0	85,658
176,451	324,015
0	232,428
371,811	490,586
0	4,542,158
0	1,692,542
0	6,080,040
137,233	137,233
82,966	86,604
913,985	19,137,979
(527,714)	(4,426,362)
0	549,174
0	2,800,000
445,076	2,696,376
0	(2,696,376)
445,076	3,349,174
(82,638)	(1,077,188)
1,026,871	7,251,319
0	2,736
\$ 944,233	\$ 6,176,867

VILLAGE OF ST. BERNARD, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2011***

Net Change in Fund Balances - Total Governmental Funds \$ (1,077,188)

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 outlays in the current period.

Capital Outlay	6,272,553	
Depreciation Expense	(1,302,764)	4,969,789

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	(2,550,889)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(26,021)
--	----------

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets.	(2,800,000)
---	-------------

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

General Obligation Bond Principal Payment	135,000	
Ohio Public Works Commission Loan Principal Payment	2,233	
Police/Fire Accrued Pension Payment	18,300	155,533

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(57,408)
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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 the governmental funds.

Compensated Absences	(144,672)	
Change in Inventory	2,736	(141,936)

Change in Net Assets of Governmental Activities **\$ (1,528,120)**

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,005,290	\$ 8,837,674	\$ 11,544,528	\$ 2,706,854
Intergovernmental Revenues	426,712	471,081	615,367	144,286
Charges for Services	113,264	125,041	163,339	38,298
Licenses and Permits	34,028	37,566	49,072	11,506
Investment Earnings	48,328	53,354	69,695	16,341
Fines and Forfeitures	31,847	35,158	45,927	10,769
All Other Revenues	166,655	183,983	240,335	56,352
Total Revenues	<u>8,826,124</u>	<u>9,743,857</u>	<u>12,728,263</u>	<u>2,984,406</u>
Expenditures:				
Current:				
Security of Persons and Property	4,768,989	5,439,440	5,285,133	154,307
Public Health and Welfare Services	105,837	87,666	84,071	3,595
Leisure Time Activities	202,057	212,452	156,348	56,104
Transportation	125,000	125,158	117,453	7,705
General Government	4,229,875	4,767,422	4,320,829	446,593
Other Expenditures	1,489,398	2,140,398	1,930,588	209,810
Total Expenditures	<u>10,921,156</u>	<u>12,772,536</u>	<u>11,894,422</u>	<u>878,114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,095,032)	(3,028,679)	833,841	3,862,520
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	19,439	19,439
General Obligation Notes Issued	0	0	423,427	423,427
Transfers In	1,650,000	1,650,000	1,650,000	0
Transfers Out	0	(4,396,376)	(4,396,376)	0
Total Other Financing Sources (Uses):	<u>1,650,000</u>	<u>(2,746,376)</u>	<u>(2,303,510)</u>	<u>442,866</u>
Net Change in Fund Balance	(445,032)	(5,775,055)	(1,469,669)	4,305,386
Fund Balance at Beginning of Year	5,217,869	5,217,869	5,217,869	0
Prior Year Encumbrances	260,722	260,722	260,722	0
Fund Balance at End of Year	<u>\$ 5,033,559</u>	<u>\$ (296,464)</u>	<u>\$ 4,008,922</u>	<u>\$ 4,305,386</u>

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

***Statement of Net Assets
Fiduciary Funds
December 31, 2011***

	<u>Agency Funds</u>
Assets:	
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 13,839
Total Assets	<u>13,839</u>
Liabilities:	
Due to Others	<u>13,839</u>
Total Liabilities	<u>\$ 13,839</u>

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

***Statement of Changes in Net Assets
Fiduciary Funds
December 31, 2011***

	<u>Private Purpose Trust Fund</u>
Additions:	
Contributions:	
Donations from the Village	\$ 50,000
Total Additions	<u>50,000</u>
Deductions:	
Administrative Expenses	<u>50,000</u>
Total Deductions	<u>50,000</u>
Change in Net Assets	0
Net Assets at Beginning of Year	<u>0</u>
Net Assets End of Year	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Village of St. Bernard, Ohio (the "Village") was incorporated as a village in 1878 and became a Village in 1912. The Village is a charter municipal corporation under the laws of the State of Ohio and operates under a Council-Mayor form of government.

The accompanying basic financial statements of the Village present the financial position of the various fund types, and the results of operations of the various fund types. The financial statements are presented as of December 31, 2011 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying basic financial statements comply with the provisions of the Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities and functions of the Village (the primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village). The reporting entity of the Village includes the following services: police and fire protection, emergency medical services, parks and recreation, planning, zoning, street maintenance, and other governmental services. Potential component units for which the Village may be financially accountable were considered for inclusion in the financial statements. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the Village's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the Village. Accordingly, the Village has included the Community Improvement Corporation of St. Bernard (CIC) as a blended component unit.

The Community Improvement Corporation of St. Bernard (CIC), a non-profit organization, is an eleven-member board comprised of one Village official, three elected officials, five community representatives and two non-resident business advisors. Although it is legally separate from the Village, the CIC is reported as if it were part of the primary government because the Village can impose its will on the CIC. The CIC is responsible for research and development of the Village, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the Village. Funding to finance the CIC comes from the sale of properties owned by the CIC and contributions from the Village and private sources.

The Village of St. Bernard Mayor's Court is included in the reporting entity because it is not legally separate.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

The Village uses funds to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Village functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following fund types are used by the Village:

Governmental Funds

The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the Village's expendable financial resources and the related current liabilities are accounted for through governmental funds. The measurement focus is upon determination of "Flow of Current Financial Resources." With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The following are the Village's major governmental funds:

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

Community Improvement Corporation Fund - This fund is used to account for the financial activities of the CIC of Saint Bernard.

Master Plan Capital Improvement Fund - This fund is used to account for financial resources to be used for planning, developing, executing and maintaining major properties within the Village's Master Plan.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Fiduciary funds are used to account for assets the Village holds in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The Village's fiduciary funds are a Private-Purpose Trust Fund and agency funds. The Village's Private Purpose Trust Fund accounts for monies held in trust for retired employees of the Village. The Village's agency funds account for monies held for hall rentals, building permit fees, and the Mayor's Court. The agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the Village 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 Village that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. The governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Village's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

Fund Financial Statements – Fund financial statements report detailed information about the Village. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "measurable" means that the amount of the transaction can be determined. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the Village is considered to be 60 days after year-end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

The accrual basis of accounting is utilized for reporting purposes by the governmental activities and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Non-exchange transactions, in which the Village receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Village must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Village on a reimbursement basis.

Revenue considered susceptible to accrual at year-end includes income taxes withheld by employers, property taxes, interest on investments and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because generally this revenue is not measurable until received.

Property taxes measurable as of December 31, 2011, but not received within the available period are recorded as deferred revenue as these resources are not intended to pay liabilities of the current period. Delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

The Village reports deferred revenues in its balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources as certified.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. Since the Community Improvement Corporation is a legally separate entity it is not part of the Village's budget, therefore no budgetary statement is presented. The legal level of budgetary control for each fund is at the object level within each department. Budgetary modifications may only be made by ordinance of the Village Council.

1. Tax Budget

By July 15, the Village Finance Committee and Auditor submit an annual tax budget for the following fiscal year to Village Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. By October 1 of each year, the Village accepts by resolution the tax rates as determined by the Budget Commission. As part of the certification process, the Village receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2011.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level, and may be modified during the year by an ordinance of the Village Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the object level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The Village's budgetary process accounts for the Village's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis).

VILLAGE OF ST. BERNARD, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual" for the General Fund:

Net Change in Fund Balance	General Fund
GAAP Basis (as reported)	(\$1,800,917)
Increase (Decrease):	
Accrued Revenues at December 31, 2011 received during 2012	(760,435)
Accrued Revenues at December 31, 2010 received during 2011	700,865
Accrued Expenditures at December 31, 2011 paid during 2012	1,070,657
Accrued Expenditures at December 31, 2010 paid during 2011	(657,000)
2011 Prepays for 2012	(41,818)
2010 Prepays for 2011	59,280
Outstanding Encumbrances	(40,301)
Budget Basis	<u><u>(\$1,469,669)</u></u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and repurchase agreements. The repurchase agreements are considered cash equivalents because they are highly liquid investments with original maturity of three months or less.

The Village pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and cash equivalents represents the balance on hand as if each fund maintained its own cash and cash equivalent account.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and the Village Charter. The Village allocates interest among the various funds based upon applicable legal and administrative requirements. Interest revenue credited to the Village's funds was \$58,752 during calendar year 2011. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the Village records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. Certificates of deposit with a maturity of greater than three months from the time of purchase are classified as investments on the balance sheet. See Note 5, "Cash, Cash Equivalents and Investments".

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed.

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased.

J. Capital Assets and Depreciation

Capital assets are defined by the Village as assets with an initial, individual cost of more than \$500.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost. The capital asset values were initially determined by assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are capitalized at fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized. These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

VILLAGE OF ST. BERNARD, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

2. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	20 - 40
Buildings and Improvements	10 - 45
Infrastructure	20 - 50
Machinery and Equipment	5 - 20

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Compensated Absences	General Fund Street Maintenance Fund Master Plan Capital Improvement Fund
General Obligation Bonds	General Bond Retirement Fund
Accrued Pension Liability	General Fund
Ohio Public Works	
Commission Loan	Storm Sewer Improvement Fund

L. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on 95% of the leave balances accumulated by employees who have ten years or more of service time with the Village. These employees are expected to become eligible in the future to receive such payments.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable available financial resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account.

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 the enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Pensions

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

O. Intergovernmental Revenues

In governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, and shared revenues are recorded as intergovernmental receivables and revenues when measurable and available. Reimbursable grants are recorded as intergovernmental receivables and revenues when the related expenditures are made.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Interfund Assets/Liabilities

Receivables and payables arising between funds for goods provided or services rendered are classified as "Due From/To Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables/Payables," while long-term interfund loans are classified as "Interfund Loan Receivable/Payable."

R. 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.

S. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Village is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Village to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village's highest level of decision making authority. For the Village, these constraints consist of ordinances and resolutions passed by Village Council. Committed amounts cannot be used for any other purpose unless the Village removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed.

VILLAGE OF ST. BERNARD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Fund Balances (Continued)

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

NOTE 2 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Community Improvement Corporation Fund	Master Plan Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$79,888	\$0	\$0	\$0	\$79,888
Prepaid Items	41,818	0	0	0	41,818
Total Nonspendable	<u>121,706</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>121,706</u>
Restricted:					
Community Environment	0	245,779	0	312,033	557,812
Security of Persons	0	0	0	126,919	126,919
Court Improvements	0	0	0	1,974	1,974
Street Improvements	0	0	0	351,423	351,423
Debt Service	0	0	0	322	322
Capital Improvements	0	0	1,120,132	0	1,120,132
Total Restricted	<u>0</u>	<u>245,779</u>	<u>1,120,132</u>	<u>792,671</u>	<u>2,158,582</u>
Committed:					
Swimming Pool Operations	0	0	0	51,561	51,561
Capital Improvements	0	0	0	100,001	100,001
	<u>0</u>	<u>0</u>	<u>0</u>	<u>151,562</u>	<u>151,562</u>
Assigned:					
Other Purposes	25,557	0	0	0	25,557
Unassigned (Deficits):	<u>3,719,460</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,719,460</u>
Total Fund Balances	<u><u>\$3,866,723</u></u>	<u><u>\$245,779</u></u>	<u><u>\$1,120,132</u></u>	<u><u>\$944,233</u></u>	<u><u>\$6,176,867</u></u>

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For 2011 the Village implemented GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions.

The application of this new standard had no effect on beginning of year balances.

NOTE 4 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Other long-term assets not available to pay for current-period expenditures:

Deferred Tax Revenue	\$80,412
Deferred Investment Earnings	7,443
Intergovernmental Revenue Receivable	165,541
	<u>\$253,396</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Governmental revenues not reported in the funds:

Increase in Deferred Tax Revenue	\$1,561
Decrease in Deferred Investment Earnings	(13,978)
Decrease in Intergovernmental Revenue	(13,604)
	<u>(\$26,021)</u>

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 5 - CASH AND CASH EQUIVALENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the Village into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the Village. Such funds must be maintained either as cash in the Village Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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;
- 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;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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
- The State Treasury Asset Reserve of Ohio (STAR Ohio):

VILLAGE OF ST. BERNARD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of Village cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Village places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the Village's deposits was \$857,255 and the bank balance was \$1,318,864. Federal depository insurance covered \$500,000 of the bank balance and \$818,864 was uninsured. Of the remaining uninsured bank balance, the Village was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the pledging institution's Trust Department not in the Village's name.	\$818,864
Total Balance	\$818,864

B. Investments

The Village's investments at December 31, 2011 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			1-3	3-5
FHLMC	\$923,700	AAA ¹ / Aaa ²	\$0	\$923,700
FNMA	4,287,106	AAA ¹ / Aaa ²	503,030	3,784,076
FHLB	431,435	AAA ¹ / Aaa ²	431,435	0
Total Investments	\$5,642,241		\$934,465	\$4,707,776

¹ Standard & Poor's

² Moody's Investor Service

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 5 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date, the Village has no policy beyond what Ohio Revised Code requires.

Concentration of Credit Risk – The Village places no limit on the amount the Village may invest in one issuer. Of the Village's total investments 16% are FHLMC, 76% are FNMA, and 8% are FHLB.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Village will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Village has no policy beyond what Ohio Revised Code requires for custodial credit risk.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property located in the Village. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 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 a railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 6 – TAXES (Continued)

A. Property Taxes (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the Village of St. Bernard. The County Auditor periodically remits to the Village its portion of the taxes collected.

The full tax rate for all Village operations for the year ended December 31, 2011 was \$11.28 per \$1,000 of assessed value. The assessed value on which the 2011 levy was based was \$74,676,400. This amount constitutes \$71,067,900 in real property assessed value and \$3,608,500 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the Village's share is 1.128% (11.28 mills) of assessed value.

B. Income Tax

The Village levies a tax of 2.1% on all salaries, wages, commissions and other compensation and on net profits earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of up to 2.1% of the tax paid to another municipality.

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

NOTE 7 - RECEIVABLES

Receivables at December 31, 2011, consisted of taxes, interest and accounts receivable, and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full. Those receivables that relate to amounts not intended to finance the current fiscal year are offset by deferred revenue.

VILLAGE OF ST. BERNARD, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2011***

NOTE 8 – TRANSFERS AND ADVANCES

Following is a summary of transfers in and out for all funds for 2011:

Fund	Transfers In	Transfers Out
General Fund	\$0	\$2,696,376
Master Plan Capital Improvement Fund	2,251,300	0
Other Governmental Funds	445,076	0
Totals	<u>\$2,696,376</u>	<u>\$2,696,376</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

During the 2008 fiscal year the Master Plan Capital Improvement Fund advanced the Community Improvement Corporation \$475,000 to help subsidize the CIC's operations. The advance is to be repaid over future years.

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VILLAGE OF ST. BERNARD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 9 - CAPITAL ASSETS

Summary by category of changes in governmental activities capital assets at December 31, 2011:

Historical Cost:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Capital assets not being depreciated:				
Land	\$6,212,252	\$3,309,498	(\$2,537,884)	\$6,983,866
Capital assets being depreciated:				
Land Improvements	4,709,835	155,789	0	4,865,624
Buildings and Improvements	5,093,018	1,746,946	0	6,839,964
Infrastructure	16,208,675	434,079	0	16,642,754
Machinery and Equipment	5,522,256	626,241	(159,956)	5,988,541
Total Cost	<u>\$37,746,036</u>	<u>\$6,272,553</u>	<u>(\$2,697,840)</u>	<u>\$41,320,749</u>

Accumulated Depreciation:

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Land Improvements	(\$2,544,594)	(\$202,987)	\$0	(\$2,747,581)
Buildings and Improvements	(3,273,320)	(146,578)	0	(3,419,898)
Infrastructure	(6,717,378)	(599,709)	0	(7,317,087)
Machinery and Equipment	(3,646,252)	(353,490)	146,951	(3,852,791)
Total Depreciation	<u>(\$16,181,544)</u>	<u>(\$1,302,764) *</u>	<u>\$146,951</u>	<u>(\$17,337,357)</u>
Net Value:	<u>\$21,564,492</u>			<u>\$23,983,392</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$166,331
Leisure Time Activities	196,617
Transportation	855,563
General Government	84,253
Total Depreciation Expense	<u>\$1,302,764</u>

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLANS

All of the Village's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System ("OPERS")

The following information was provided by OPERS to assist the Village in complying with GASB Statement No. 27, "*Accounting for Pensions by State and Local Government Employers.*"

All employees of the Village, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the Village's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

The contribution requirements of plan members and the Village are established and may be amended by the OPERS Board. The Village's required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$284,261, \$214,879 and \$192,307, respectively, which were equal to the required contributions for each year.

B. Ohio Police and Fire Pension Fund (“OP&F”)

All Village full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the Village's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2011, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The Village's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$154,032, \$153,326 and \$147,008 for police and \$351,401, \$347,901 and \$347,158 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$113,704, \$122,501 and \$139,099, respectively, which were equal to the required contributions for each year.

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

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund ("OP&F")

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the 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% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions for health care to the OP&F for the years ending December 31, 2011, 2010, and 2009 were \$81,546, \$81,173 and \$77,828 for police and \$137,505, \$136,135 and \$135,844 for firefighters, respectively, which were equal to the required contributions for each year.

VILLAGE OF ST. BERNARD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 12 - COMPENSATED ABSENCES

All full-time Village employees other than fire department employees earn vacation at varying rates based upon length of service. An employee's vacation must be used during the period in which it is earned unless the Department Supervisor allows the balance to be carried over to the following year. Upon separation from the Village, the employee (or their estate) is paid for his accumulated unused vacation leave balance.

All full-time Village employees other than fire department employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement from the Village's service, an employee hired prior to December 21, 1985 receives one hour of monetary compensation for each one hour of unused sick leave up to a maximum of 1,800 hours. An employee hired after December 21, 1985 receives one hour of monetary compensation for each hour of unused sick leave up to a maximum of 1,000 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

Fire department employees earn sick leave at the rate of 16 hours per calendar month of active service. Upon retirement from Village service, fire department employees receive one hour of compensation for each one hour of unused sick leave up to a maximum of 105 hours. The monetary compensation is calculated at the hourly rate of compensation of the employee at the time of retirement.

As of December 31, 2011 the long-term portion of the compensated absences liability for the Village has increased \$144,672 from a balance of \$1,629,706 to \$1,774,378. This amount is considered long-term since no payments are anticipated requiring the use of current available financial resources.

NOTE 13 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the Village or a combination of these sources.

	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011
General Obligation Notes :				
General Fund Notes Payable:				
1.40% Fire Truck Acquisition	\$0	\$423,427	\$0	\$423,427
Total Notes Payable	\$0	\$423,427	\$0	\$423,427

VILLAGE OF ST. BERNARD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM OBLIGATIONS

Detail of the changes in the loans, bonds, pension liability and compensated absences of the Village for the year ended December 31, 2011, follows:

	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011	Amount Due Within One Year
Governmental Activities:					
Ohio Public Works Commission Loan (OPWC):					
3.00% Andalus Avenue Improvements	\$28,631	\$0	(\$2,233)	\$26,398	\$2,300
Total OPWC Loan	<u>28,631</u>	<u>0</u>	<u>(2,233)</u>	<u>26,398</u>	<u>2,300</u>
Long Term Promissory Notes:					
4.00% St. Bernard Square Shopping Center	0	2,000,000	0	2,000,000	500,000
0.00% Imwalle Building	0	800,000	0	800,000	200,000
Total Long Term Promissory Notes	<u>0</u>	<u>2,800,000</u>	<u>0</u>	<u>2,800,000</u>	<u>700,000</u>
General Obligation Bonds:					
3.00% Swimming Pool Refunding Bonds	1,465,000	0	(80,000)	1,385,000	85,000
4.50% Fire Truck	435,000	0	(55,000)	380,000	55,000
Total General Obligation Bonds	<u>1,900,000</u>	<u>0</u>	<u>(135,000)</u>	<u>1,765,000</u>	<u>140,000</u>
Accrued Pension Liability	765,494	0	(18,300)	747,194	19,086
Compensated Absences	1,629,706	470,613	(325,941)	1,774,378	130,635
Total General Long-Term Debt and Other Long-Term Obligations	<u>\$4,323,831</u>	<u>\$3,270,613</u>	<u>(\$481,474)</u>	<u>\$7,112,970</u>	<u>\$992,021</u>

The Village's liability for past service costs relating to the Police and Firemen's Disability and Pension Fund at December 31, 2011 was \$1,255,200 in principal and interest payments through the year 2035. Only the principal amount due of \$747,194 is included in the Government-wide Statement of Net Assets.

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VILLAGE OF ST. BERNARD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

The Village's future long-term obligation funding requirements for the loan, bonds, promissory notes and accrued pension liability, including principal and interest payments as of December 31, 2011 follows:

Years	OPWC Loan		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2012	\$2,300	\$775	\$140,000	\$76,986
2013	2,370	705	145,000	71,632
2014	2,442	634	150,000	66,106
2015	2,515	560	160,000	59,957
2016	2,591	484	235,000	57,419
2017-2021	14,180	1,197	550,000	165,576
2022-2026	0	0	385,000	39,250
Totals	\$26,398	\$4,355	\$1,765,000	\$536,926

Years	Long Term Promissory Notes		Police/Fire Accrued Pension Liability	
	Principal	Interest	Principal	Interest
2012	\$700,000	\$80,000	\$19,086	\$36,383
2013	700,000	60,000	19,905	35,438
2014	700,000	40,000	20,760	34,452
2015	700,000	20,000	21,652	33,424
2016	0	0	22,582	32,352
2017-2021	0	0	128,321	143,991
2022-2026	0	0	158,347	109,366
2027-2031	0	0	195,403	66,640
2031-2035	0	0	161,138	15,960
Totals	\$2,800,000	\$200,000	\$747,194	\$508,006

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 15 - INSURANCE AND RISK MANAGEMENT

The Village 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.

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

VILLAGE OF ST. BERNARD, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2011

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available.)

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	<u>(4,845,056)</u>	<u>(1,055,096)</u>	<u>(4,852,485)</u>	<u>(1,253,617)</u>
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

Workers' Compensation claims are covered through the Village's participation in the State of Ohio's program. The Village pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The Village also pays unemployment claims to the State of Ohio as incurred.

The Village continues to carry commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

VILLAGE OF ST. BERNARD, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2011**

NOTE 16 - EMPLOYEE MEDICAL BENEFITS

The Village has a group health self-insurance program for employees and their eligible dependents. Premiums are paid into the General Fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the General Fund are available to pay claims and administrative costs. The Village currently maintains a health care account for these monies, the balance is currently \$6,303. The plan is administered by a third party administrator, Custom Design Benefits, which monitors all claim payments. Excess loss coverage, carried through Continental Assurance Company, becomes effective after \$30,000 per year per specific claim. There is an annual maximum coverage per person of \$5,000,000.

The claims liability of \$98,061 reported in the General Fund at December 31, 2011 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in 2011 and 2010 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2010	\$46,945	\$1,472,418	(\$1,348,964)	\$170,399
2011	170,399	1,831,682	(1,904,020)	98,061

NOTE 17 - CONTINGENCIES

The Village is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Village's management is of the opinion that the ultimate disposition of most of the various claims and legal proceedings will not have a material effect on the financial condition of the Village.

NOTE 18 – COMPLIANCE AND ACCOUNTABILITY

Contrary to Ohio Revised Code 5705.39, the Village's total appropriations exceeded the total estimated resources available during 2011 for the General and Master Plan Capital Improvement Funds by \$296,464 and \$351,204, respectively.

NOTE 19 – MUNICIPALITY STATUS

The official 2010 Federal Census results indicated that the municipality has a population of less than 5,000 persons. Ohio Revised Code Section 703.06 requires the use of the title "Village" for municipalities with less than 5,000 residents. The change from City to Village became official April 30, 2011.

Bastin & Company, LLC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of Village Council
Village of St. Bernard, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of St. Bernard, Ohio, (the Village) as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 31, 2012, wherein we noted the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Village is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village'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, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2011-01.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Village's response and, accordingly, express no opinion on it.

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
August 31, 2012

**VILLAGE OF ST. BERNARD
HAMILTON COUNTY, OHIO
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011**

FINDING NUMBER 2011-01

Ohio Revised Code Section 5705.39 prohibits appropriations in excess of estimated resources. The following funds had appropriations that exceeded estimated resources:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$16,872,448	\$17,168,912	(\$296,464)
Master Plan Capital Improvement	3,454,140	3,805,344	(351,204)

Village's Response

The Village will more closely monitor estimated resources compared to appropriated amounts to ensure compliance.

**VILLAGE OF ST. BERNARD
SCHEDULE OF PRIOR YEAR FINDINGS
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation:
2010-01	Adjustments to financial statements.	Yes	Condition was not evident during current audit period.



Dave Yost • Auditor of State

VILLAGE OF ST. BERNARD

HAMILTON 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
DECEMBER 20, 2012