

**VILLAGE OF ST. BERNARD, OHIO**

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**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2012**

*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, 2012 through December 31, 2012. 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

November 1, 2013

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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 AUDITOR'S REPORT**

The Honorable Members of Village Council  
Village of St. Bernard, Ohio

### **Report on the Financial Statements**

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, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, 2012, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 2 to the financial statements, during 2012, the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 be presented to supplement the basic financial statements. Such information, although not a 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.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2013, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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  
July 26, 2013



## VILLAGE OF ST. BERNARD, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2012*

*Unaudited*

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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, 2012. 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 2012 are as follows:**

- ❑ Net Position decreased \$203,610, which represents a .9% decrease from 2012.
- ❑ General revenues accounted for \$14.5 million in revenue or 92.4% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1.2 million or just less than 7.6% of total revenues of \$15.7 million.
- ❑ The Village had \$15.9 million in expenses related to governmental activities; only \$1.2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14.5 million and Net Position were adequate to provide for these programs.
- ❑ Among major funds, the General Fund had \$11.8 million in revenues and \$14 million in expenditures. The General Fund's fund balance decreased \$1,474,507 million to \$2,392,216.

### 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

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2012*

*Unaudited*

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## **Government-Wide Financial Statements**

The government-wide statements report information about the Village as a whole using accepted methods similar to those used by private-sector companies. The statement of net position 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 Position and how they have changed. Net Position (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 position 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 Position 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 Position and Changes in Fiduciary Net Position.

## VILLAGE OF ST. BERNARD, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2012*

*Unaudited*

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### FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

The following table provides a comparison of the Village's Net Position as of December 31, 2012 and 2011:

	Governmental Activities	
	2012	2011
Current and other assets	\$11,697,904	\$8,531,148
Capital assets, Net	23,797,805	23,983,392
Total assets	35,495,709	32,514,540
Long-term debt outstanding	5,881,058	7,112,970
Other liabilities	5,838,625	1,310,511
Total liabilities	11,719,683	8,423,481
Deferred Inflows of Resources	745,632	857,055
Net position		
Net investment in capital assets	20,048,707	19,391,994
Restricted	2,015,342	2,318,883
Unrestricted	966,345	1,523,127
Total net position	\$23,030,394	\$23,234,004

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## **VILLAGE OF ST. BERNARD, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2012***

***Unaudited***

Changes in Net Position – The following table shows the changes in Net Position for the fiscal year 2012 and 2011:

	Governmental Activities	
	2012	2011
Revenues		
Program revenues:		
Charges for Services and Sales	\$618,698	\$313,538
Operating Grants and Contributions	578,566	1,208,163
General revenues:		
Municipal Income Taxes	10,218,148	9,915,393
Property Taxes	1,274,663	1,734,095
Grants and Entitlements not Restricted to Specific Programs	449,278	994,245
Investment Earnings	67,080	44,774
Miscellaneous	207,040	475,388
Special Item: Gain on Sale of Capital Assets	2,245,475	0
Total revenues	15,658,948	14,685,596
Program Expenses		
Security of Persons and Property	4,499,190	5,826,502
Public Health and Welfare Services	66,077	85,658
Leisure Time Activities	528,057	520,632
Community Environment	119,112	232,428
Transportation	1,206,674	1,346,149
General Government	7,164,345	6,365,793
Other Expenditures	2,002,667	1,692,542
Interest and Fiscal Charges	276,436	144,012
Total expenses	15,862,558	16,213,716
Total Change in Net Position	(203,610)	(1,528,120)
Beginning Net Position	23,234,004	24,762,124
Ending Net Position	\$23,030,394	\$23,234,004

### ***Governmental Activities***

Net Position of the Village's governmental activities decreased \$203,610. This decrease can mostly be attributed to the gain on the sale of the Village's Fire Department and Service Building properties which were offset by increased costs associated with the Bank Avenue Litigation and settlement.

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

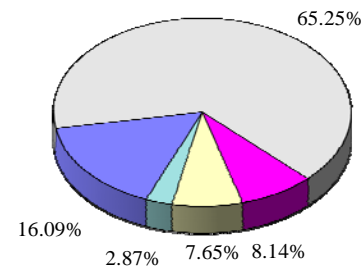
**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**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 65.25% and 8.14% respectively of revenues for governmental activities for the Village in fiscal year 2012. The Village's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2012	Percent of Total
Municipal Income Taxes	\$10,218,148	65.25%
Property Taxes	1,274,663	8.14%
Program Revenues	1,197,264	7.65%
Grants and Entitlements	449,278	2.87%
General Other	2,519,595	16.09%
Total Revenue	<u>\$15,658,948</u>	<u>100.00%</u>



### FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

The Village's governmental funds reported a combined fund balance of \$4,393,730, which is a decrease from last year's balance of \$6,176,867. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$2,392,216	\$3,866,723	(\$1,474,507)
Master Plan			
Capital Improvement	1,214,609	1,120,132	94,477
Capital Improvement	(206,105)	100,000	(306,105)
Other Governmental	993,010	1,090,012	(97,002)
Total	<u>\$4,393,730</u>	<u>\$6,176,867</u>	<u>(\$1,783,137)</u>

## VILLAGE OF ST. BERNARD, OHIO

***Management's Discussion and Analysis  
For the Year Ended December 31, 2012***

***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:

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$10,868,031	\$11,529,564	(\$661,533)
Intergovernmental Revenues	386,205	616,545	(230,340)
Charges for Services	199,474	161,923	37,551
Licenses and Permits	62,841	49,072	13,769
Investment Earnings	70,224	58,601	11,623
Fines and Forfeitures	46,285	48,430	(2,145)
All Other Revenue	207,040	323,411	(116,371)
Total	\$11,840,100	\$12,787,546	(\$947,446)

General Fund revenues in 2012 decreased 7% compared to revenues in fiscal year 2011. This can mostly be attributed to a decrease in property tax receipts.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Security of Persons and Property	\$4,663,131	\$5,321,191	(\$658,060)
Public Health and Welfare Services	66,077	85,658	(19,581)
Leisure Time Activities	160,821	147,564	13,257
Transportation	117,759	118,775	(1,016)
General Government	7,178,729	4,542,158	2,636,571
Other Expenditures	1,827,848	1,692,542	135,306
Debt Service:			
Interest and Fiscal Charges	2,241	3,638	(1,397)
Total	\$14,016,606	\$11,911,526	\$2,105,080

## **VILLAGE OF ST. BERNARD, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2012***

***Unaudited***

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General Fund expenditures increased \$2,105,080 over the prior year due mainly to increased costs associated with the Bank Avenue Litigation and settlement.

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 2012 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 2012 the Village had \$23,797,805 net of accumulated depreciation invested in land, land improvements, buildings and improvements, infrastructure, and machinery and equipment. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$7,944,470	\$6,983,866	\$960,604
Land Improvements	4,814,804	4,865,624	(50,820)
Buildings and Improvements	5,043,655	6,839,964	(1,796,309)
Infrastructure	17,102,923	16,642,754	460,169
Machinery and Equipment	5,917,520	5,988,541	(71,021)
Less: Accumulated Depreciation	(17,025,567)	(17,337,357)	311,790
Totals	<u>\$23,797,805</u>	<u>\$23,983,392</u>	<u>(\$185,587)</u>

The overall net change in capital assets is a result of additions arising from the activities of the Village's Community Improvement Corporation offset by the sale of the Village's Fire Department and City's Service Buildings. Additional information on the Village's capital assets can be found in Note 9.

## **VILLAGE OF ST. BERNARD, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2012**

**Unaudited**

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### **Debt**

At December 31, 2012, the Village had \$1,625,000 in bonds outstanding, \$145,000 due within one year. The following table summarizes the Village's debt outstanding as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Governmental Activities:		
General Obligation Bonds	\$1,625,000	\$1,765,000
Long Term Promissory Notes	2,100,000	2,800,000
Ohio Public Works Commission Loans	24,098	26,398
Police/Fire Accrued Pension	728,108	747,194
Compensated Absences	1,403,852	1,774,378
Total Governmental Activities	<u>\$5,881,058</u>	<u>\$7,112,970</u>

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

### **ECONOMIC FACTORS**

The preceding financial information reflects that with the lower property taxes and the decline in local government funds the Village still remains heavily dependent on its local earnings tax and property taxes. In 2012 the Village's expenditures were higher than normal due to the Bank Avenue Litigation and settlement. The Village is continuing to work with the Ohio EPA to address all issues and remains positive everything will be addressed.

The Village will need to build a new Service Department and a new Safety Center. The Village obtained \$5,000,000 in Notes during 2012 to start the planning of the new Service Department Building and the Vine Street Streetscape project.

As the Village moves into 2013 the challenge will be how to finance major projects that are necessary to build due to the expansion of the 75 Interstate. The Village's goal is to continue to offer outstanding services to its residents and businesses while upgrading housing stock and moving forward with major projects. 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 and businesses of St. Bernard.



## **VILLAGE OF ST. BERNARD, OHIO**

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2012*

*Unaudited*

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### **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

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### *Statement of Net Position* *December 31, 2012*

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	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 8,616,998
Cash and Cash Equivalents with Fiscal Agent	177,100
Receivables:	
Taxes	2,151,615
Accounts	105,436
Intergovernmental	212,622
Interest	9,055
Inventory of Supplies at Cost	67,042
Prepaid Items	353,839
Restricted Assets:	
Cash and Cash Equivalents	4,197
Capital Assets:	
Capital Assets Not Being Depreciated	7,944,470
Capital Assets Being Depreciated, Net	15,853,335
<b>Total Assets</b>	<b>35,495,709</b>
<b>Liabilities:</b>	
Accounts Payable	62,499
Accrued Wages and Benefits	33,567
Intergovernmental Payable	399,947
Claims Payable	102,513
Accrued Liabilities	54,000
Accrued Interest Payable	186,099
General Obligation Notes Payable	5,000,000
Noncurrent liabilities:	
Due within one year	1,016,203
Due in more than one year	4,864,855
<b>Total Liabilities</b>	<b>11,719,683</b>
<b>Deferred Inflows of Resources:</b>	
Property Tax Levy for Next Fiscal Year	745,632
<b>Net Position:</b>	
Net Investment in Capital Assets	20,048,707
Restricted For:	
Capital Projects	970,173
Debt Service	14,954
Other Purposes	1,030,215
Unrestricted	966,345
<b>Total Net Position</b>	<b>\$ 23,030,394</b>

See accompanying notes to the basic financial statements

## VILLAGE OF ST. BERNARD, OHIO

### *Statement of Activities* *For the Year Ended December 31, 2012*

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 4,499,190	\$ 144,207	\$ 0	\$ (4,354,983)
Public Health and Welfare Services	66,077	0	0	(66,077)
Leisure Time Activities	528,057	70,841	0	(457,216)
Community Environment	119,112	271,522	388,543	540,953
Transportation	1,206,674	19,696	190,023	(996,955)
General Government	7,164,345	112,432	0	(7,051,913)
Other Expenditures	2,002,667	0	0	(2,002,667)
Interest and Fiscal Charges	276,436	0	0	(276,436)
<b>Totals</b>	\$ 15,862,558	\$ 618,698	\$ 578,566	(14,665,294)
<b>General Revenues</b>				
Municipal Income Taxes				10,218,148
Property Taxes				1,274,663
Grants and Entitlements not Restricted to Specific Programs				449,278
Investment Earnings				67,080
Miscellaneous				207,040
Special Item: Gain on Sale of Capital Assets				2,245,475
Total General Revenues				14,461,684
Change in Net Position				(203,610)
Net Position Beginning of Year				23,234,004
Net Position End of Year				\$ 23,030,394

See accompanying notes to the basic financial statements

## VILLAGE OF ST. BERNARD, OHIO

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	General	Master Plan Capital Improvement	Capital Improvement
<b>Assets:</b>			
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 1,552,870	\$ 799,522	\$ 4,927,713
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Receivables:			
Taxes	2,108,929	0	0
Accounts	105,436	0	0
Intergovernmental	135,229	0	0
Interest	9,055	0	0
Inventory of Supplies, at Cost	67,042	0	0
Prepaid Items	353,839	0	0
Restricted Assets:			
Cash and Cash Equivalents	4,197	0	0
Advance to Other Funds	0	475,000	0
<b>Total Assets</b>	<b>\$ 4,336,597</b>	<b>\$ 1,274,522</b>	<b>\$ 4,927,713</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 45,934	\$ 154	\$ 941
Accrued Wages and Benefits Payable	33,567	0	0
Intergovernmental Payable	338,388	59,759	0
Claims Payable	102,513	0	0
Accrued Liabilities	0	0	0
Accrued Interest Payable	0	0	132,877
General Obligation Notes Payable	0	0	5,000,000
Advances from Other Funds	0	0	0
<b>Total Liabilities</b>	<b>520,402</b>	<b>59,913</b>	<b>5,133,818</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Amounts	718,009	0	0
Property Tax Levy for Next Fiscal Year	705,970	0	0
<b>Total Deferred Inflows of Resources</b>	<b>1,423,979</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>			
Nonspendable	420,881	0	0
Restricted	0	1,214,609	0
Committed	0	0	0
Assigned	316,552	0	0
Unassigned	1,654,783	0	(206,105)
<b>Total Fund Balances</b>	<b>2,392,216</b>	<b>1,214,609</b>	<b>(206,105)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,336,597</b>	<b>\$ 1,274,522</b>	<b>\$ 4,927,713</b>

See accompanying notes to the basic financial statements

**VILLAGE OF ST. BERNARD, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,336,893	\$ 8,616,998
177,100	177,100
42,686	2,151,615
0	105,436
77,393	212,622
0	9,055
0	67,042
0	353,839
0	4,197
0	475,000
\$ 1,634,072	\$ 12,172,904
\$ 15,470	\$ 62,499
0	33,567
1,800	399,947
0	102,513
54,000	54,000
0	132,877
0	5,000,000
475,000	475,000
546,270	6,260,403
55,130	773,139
39,662	745,632
94,792	1,518,771
0	420,881
938,255	2,152,864
54,755	54,755
0	316,552
0	1,448,678
993,010	4,393,730
\$ 1,634,072	\$ 12,172,904

**VILLAGE OF ST. BERNARD, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2012***

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<b>Total Governmental Fund Balances</b>	\$	4,393,730
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		23,797,805
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds.		773,139
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	(1,625,000)	
Long Term Promissory Notes	(2,100,000)	
Ohio Public Works Commission Loans Payable	(24,098)	
Police/Fire Accrued Pension Liability	(728,108)	
Compensated Absences Payable	(1,403,852)	
Accrued Interest Payable	(53,222)	(5,934,280)
	<hr/>	<hr/>
<b><i>Net Position of Governmental Activities</i></b>	<b>\$</b>	<b><u>23,030,394</u></b>

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, 2012

	General	Master Plan Capital Improvement	Capital Improvement
<b>Revenues:</b>			
Taxes	\$ 10,868,031	\$ 0	\$ 0
Intergovernmental Revenues	386,205	200	92,116
Charges for Services	199,474	257,528	0
Licenses and Permits	62,841	0	0
Investment Earnings	70,224	0	0
Fines and Forfeitures	46,285	0	0
All Other Revenue	207,040	0	0
<b>Total Revenue</b>	<u>11,840,100</u>	<u>257,728</u>	<u>92,116</u>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	4,663,131	0	0
Public Health and Welfare Services	66,077	0	0
Leisure Time Activities	160,821	0	0
Community Environment	0	0	0
Transportation	117,759	0	0
General Government	7,178,729	0	0
Other Expenditures	1,827,848	0	0
Capital Outlay	0	1,197,859	268,212
Debt Service:			
Principal Retirement	0	700,000	0
Interest & Fiscal Charges	2,241	80,000	130,009
<b>Total Expenditures</b>	<u>14,016,606</u>	<u>1,977,859</u>	<u>398,221</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,176,506)	(1,720,131)	(306,105)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	3,080,000	0	0
Transfers In	0	1,814,608	0
Transfers Out	(2,365,155)	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>714,845</u>	<u>1,814,608</u>	<u>0</u>
Net Change in Fund Balances	(1,461,661)	94,477	(306,105)
<b>Fund Balances (Deficits) at Beginning of Year</b>	3,866,723	1,120,132	100,000
Change in Inventory	(12,846)	0	0
<b>Fund Balances (Deficits) End of Year</b>	<u>\$ 2,392,216</u>	<u>\$ 1,214,609</u>	<u>\$ (206,105)</u>

See accompanying notes to the basic financial statements



**VILLAGE OF ST. BERNARD, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 68,226	\$ 10,936,257
582,452	1,060,973
42,726	499,728
0	62,841
538	70,762
3,485	49,770
6,359	213,399
703,786	12,893,730
83,193	4,746,324
0	66,077
181,899	342,720
706,266	706,266
272,645	390,404
0	7,178,729
0	1,827,848
0	1,466,071
142,300	842,300
77,645	289,895
1,463,948	17,856,634
(760,162)	(4,962,904)
112,613	3,192,613
550,547	2,365,155
0	(2,365,155)
663,160	3,192,613
(97,002)	(1,770,291)
1,090,012	6,176,867
0	(12,846)
\$ 993,010	\$ 4,393,730

**VILLAGE OF ST. BERNARD, OHIO**

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***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, 2012***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (1,770,291)

***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 capital outlay exceeded depreciation in the current period.

Capital Outlay	2,053,225	
Depreciation Expense	(1,291,674)	761,551

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals) is to decrease net position. (947,138)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 519,743

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 position.

General Obligation Bond Principal Payment	140,000	
Ohio Public Works Commission Loan Principal Payment	2,300	
Long Term Note Payment	700,000	
Police/Fire Accrued Pension Payment	19,086	861,386

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 13,459

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	370,526	
Change in Inventory	(12,846)	357,680

***Change in Net Position of Governmental Activities*** **\$ (203,610)**

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 9,966,400	\$ 10,282,904	\$ 10,683,163	\$ 400,259
Intergovernmental Revenues	365,475	377,081	391,759	14,678
Charges for Services	166,810	172,108	178,807	6,699
Licenses and Permits	58,625	60,487	62,841	2,354
Investment Earnings	59,737	61,634	64,033	2,399
Fines and Forfeitures	42,751	44,109	45,826	1,717
All Other Revenues	223,104	230,188	239,149	8,961
Total Revenues	<u>10,882,902</u>	<u>11,228,511</u>	<u>11,665,578</u>	<u>437,067</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,822,191	4,911,000	4,688,167	222,833
Public Health and Welfare Services	62,523	70,497	67,008	3,489
Leisure Time Activities	186,657	217,651	165,672	51,979
Transportation	126,500	126,500	117,759	8,741
General Government	4,168,356	8,282,893	7,886,707	396,186
Other Expenditures	1,639,828	1,913,897	1,904,346	9,551
Total Expenditures	<u>11,006,055</u>	<u>15,522,438</u>	<u>14,829,659</u>	<u>692,779</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,153)	(4,293,927)	(3,164,081)	1,129,846
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	3,080,000	3,080,000	0
Transfers In	0	1,655,000	1,655,000	0
Transfers Out	0	(3,830,753)	(4,500,361)	(669,608)
Total Other Financing Sources (Uses):	<u>0</u>	<u>904,247</u>	<u>234,639</u>	<u>(669,608)</u>
Net Change in Fund Balance	(123,153)	(3,389,680)	(2,929,442)	460,238
Fund Balance at Beginning of Year	4,008,922	4,008,922	4,008,922	0
Prior Year Encumbrances	40,301	40,301	40,301	0
Fund Balance at End of Year	<u>\$ 3,926,070</u>	<u>\$ 659,543</u>	<u>\$ 1,119,781</u>	<u>\$ 460,238</u>

See accompanying notes to the basic financial statements

**VILLAGE OF ST. BERNARD, OHIO**

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***Statement of Assets and Liabilities***  
***Fiduciary Funds***  
***December 31, 2012***

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	<u>Agency Funds</u>
<b>Assets:</b>	
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$ 16,547</u>
<b>Total Assets</b>	<u>16,547</u>
<b>Liabilities:</b>	
Due to Others	<u>16,547</u>
<b>Total Liabilities</b>	<u>\$ 16,547</u>

See accompanying notes to the basic financial statements

**VILLAGE OF ST. BERNARD, OHIO**

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**Statement of Changes in Net Position**  
**Fiduciary Funds**  
**December 31, 2012**

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

See accompanying notes to the basic financial statements

## **VILLAGE OF ST. BERNARD, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2012***

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#### **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, 2012 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 GASB Statement No. 14, *"The Financial Reporting Entity"* and GASB Statement No. 39, *"Determining Whether Certain Organizations Are Component Units,"* in that the financial statements include all organizations, activities, functions and component units for which the Village (the primary government) is financially accountable. 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.

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*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### **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.

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.

Capital Improvement Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

##### ***Fiduciary Funds***

Fiduciary fund reporting focuses on Net Position and changes in Net Position. 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

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net position 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

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### 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, 2012, but not received within the available period are recorded as deferred inflows of resources as these resources are not intended to pay liabilities of the current period. Delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflows of resources.

The Village reports deferred inflows of resources in its balance sheet. Deferred inflows of resources 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 inflows of resources is removed from the combined balance sheet and revenue is recognized.

## *VILLAGE OF ST. BERNARD, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### **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 2012.

## VILLAGE OF ST. BERNARD, OHIO

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### 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**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**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)	(\$1,461,661)
Increase (Decrease):	
Accrued Revenues at December 31, 2012 received during 2013	(932,851)
Accrued Revenues at December 31, 2011 received during 2012	760,435
Accrued Expenditures at December 31, 2012 paid during 2013	520,402
Accrued Expenditures at December 31, 2011 paid during 2012	(1,070,657)
2011 Prepays for 2012	41,818
2012 Prepays for 2013	(353,839)
Outstanding Encumbrances	(433,089)
Budget Basis	<u><u>(\$2,929,442)</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**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2012***

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#### **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 \$70,762 during calendar year 2012. 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, 2012, 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 Position, but they are not reported in the Fund Financial Statements.

**VILLAGE OF ST. BERNARD, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**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

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### 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 Position, "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 Position**

Net Position represents the difference between assets and liabilities. Net Position – net investment in capital assets 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 Position 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 Position 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

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### 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

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### 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.

##### **T. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*".

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

**VILLAGE OF ST. BERNARD, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**NOTE 3 – 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	Master Plan Capital Improvement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$67,042	\$0	\$0	\$0	\$67,042
Prepaid Items	353,839	0	0	0	353,839
<b>Total Nonspendable</b>	<b>420,881</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>420,881</b>
Restricted:					
Community Environment	0	0	0	367,234	367,234
Security of Persons	0	0	0	172,613	172,613
Court Improvements	0	0	0	4,798	4,798
Street Improvements	0	0	0	372,687	372,687
Debt Service	0	0	0	20,923	20,923
Capital Improvements	0	1,214,609	0	0	1,214,609
<b>Total Restricted</b>	<b>0</b>	<b>1,214,609</b>	<b>0</b>	<b>938,255</b>	<b>2,152,864</b>
Committed:					
Swimming Pool Operations	0	0	0	54,753	54,753
Capital Improvements	0	0	0	2	2
<b>Total Committed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,755</b>	<b>54,755</b>
Assigned:					
Other Purposes	316,552	0	0	0	316,552
Unassigned (Deficits):	1,654,783	0	(206,105)	0	1,448,678
<b>Total Fund Balances</b>	<b>\$2,392,216</b>	<b>\$1,214,609</b>	<b>(\$206,105)</b>	<b>\$993,010</b>	<b>\$4,393,730</b>

**VILLAGE OF ST. BERNARD, OHIO**

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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012*

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**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 Position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and Net Position of governmental funds as reported in the government-wide statement of Net Position. 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	\$636,966
Deferred Investment Earnings	3,761
Intergovernmental Revenue Receivable	132,412
	<u>\$773,139</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 Position 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	\$556,554
Decrease in Deferred Investment Earnings	(3,682)
Decrease in Intergovernmental Revenue	(33,129)
	<u>\$519,743</u>

## **VILLAGE OF ST. BERNARD, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2012***

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#### **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**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**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 \$7,532,967 and the bank balance was \$7,771,213. Federal depository insurance covered \$500,000 of the bank balance and \$7,271,213 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.	\$7,271,213
Total Balance	\$7,271,213

**B. Investments**

The Village's investments at December 31, 2012 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			1-3	3-5
FHLMC	\$500,000	AAA <sup>1</sup> / Aaa <sup>2</sup>	\$0	\$500,000
FNMA	781,875	AAA <sup>1</sup> / Aaa <sup>2</sup>	281,875	500,000
Total Investments	\$1,281,875		\$281,875	\$1,000,000

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

## VILLAGE OF ST. BERNARD, OHIO

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### 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 39% are FHLMC and 61% are FNMA.

*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 and located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values were 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 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.

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 the real property taxes described previously.

## **VILLAGE OF ST. BERNARD, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2012***

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#### **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, 2012 was \$11.28 per \$1,000 of assessed value. The assessed value on which the 2012 levy was based was \$73,353,950. This amount constitutes \$69,656,960 in real property assessed value and \$3,696,990 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, 2012, 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 inflows of resources.

**VILLAGE OF ST. BERNARD, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012***

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**NOTE 8 – TRANSFERS AND ADVANCES**

Following is a summary of transfers in and out for all funds for 2012:

Fund	Transfers In	Transfers Out
General Fund	\$0	\$2,365,155
Master Plan Capital Improvement Fund	1,814,608	0
Other Governmental Funds	550,547	0
Totals	<u>\$2,365,155</u>	<u>\$2,365,155</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, 2012**

**NOTE 9 - CAPITAL ASSETS**

Summary by category of changes in governmental activities capital assets at December 31, 2012:

*Historical Cost:*

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$6,983,866	\$1,209,646	(\$249,042)	\$7,944,470
<i>Capital assets being depreciated:</i>				
Land Improvements	4,865,624	47,080	(97,900)	4,814,804
Buildings and Improvements	6,839,964	273,712	(2,070,021)	5,043,655
Infrastructure	16,642,754	460,169	0	17,102,923
Machinery and Equipment	5,988,541	62,618	(133,639)	5,917,520
Total Cost	<u>\$41,320,749</u>	<u>\$2,053,225</u>	<u>(\$2,550,602)</u>	<u>\$40,823,372</u>

*Accumulated Depreciation:*

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Land Improvements	(\$2,747,581)	(\$192,605)	\$97,900	(\$2,842,286)
Buildings and Improvements	(3,419,898)	(171,175)	1,374,199	(2,216,874)
Infrastructure	(7,317,087)	(554,256)	0	(7,871,343)
Machinery and Equipment	(3,852,791)	(373,638)	131,365	(4,095,064)
Total Depreciation	<u>(\$17,337,357)</u>	<u>(\$1,291,674) *</u>	<u>\$1,603,464</u>	<u>(\$17,025,567)</u>
<i>Net Value:</i>	<u>\$23,983,392</u>			<u>\$23,797,805</u>

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$147,347
Leisure Time Activities	185,337
Transportation	816,270
General Government	142,720
Total Depreciation Expense	<u>\$1,291,674</u>

## *VILLAGE OF ST. BERNARD, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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#### **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 City 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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 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 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 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 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the Village are established and may be amended by the OPERS Board. The Village's contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$234,956, \$284,261 and \$214,879, respectively, which were equal to the required contributions for each year.

## **VILLAGE OF ST. BERNARD, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2012***

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#### **NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **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 2012, 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, 2012, 2011, and 2010 were \$152,780, \$154,032 and \$153,326 for police and \$339,780, \$351,401 and \$347,901 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.

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.

## **VILLAGE OF ST. BERNARD, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2012***

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 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 2012, 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. 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, 2012, 2011, and 2010 were \$93,983, \$113,704 and \$122,501, respectively, which were equal to the required contributions for each year.

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

##### **B. Ohio Police and Fire Pension Fund (“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.

## *VILLAGE OF ST. BERNARD, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2012*

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

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

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 2012, 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, 2012, 2011, and 2010 were \$80,883, \$81,546 and \$81,173 for police and \$142,806, \$137,505 and \$136,135 for firefighters, respectively, which were equal to the required contributions for each year.

**VILLAGE OF ST. BERNARD, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**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, 2012 the long-term portion of the compensated absences liability for the Village has decreased \$370,526 from a balance of \$1,774,378 to \$1,403,852. 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, 2011	Issued	(Retired)	Balance December 31, 2012
General Obligation Notes :				
1.40% Fire Truck Acquisition	\$423,427	\$0	(\$423,427)	\$0
5.00% Varous Purpose Notes	0	5,000,000	0	5,000,000
Total Notes Payable	<u>\$423,427</u>	<u>\$5,000,000</u>	<u>(\$423,427)</u>	<u>\$5,000,000</u>

**VILLAGE OF ST. BERNARD, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

**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, 2012, follows:

	Balance December 31, 2011	Issued	(Retired)	Balance December 31, 2012	Amount Due Within One Year
<b>Governmental Activities:</b>					
Ohio Public Works Commission Loan (OPWC):					
3.00% Andalus Avenue Improvements	\$26,398	\$0	(\$2,300)	\$24,098	\$2,370
Total OPWC Loan	26,398	0	(2,300)	24,098	2,370
Long Term Promissory Notes:					
4.00% St. Bernard Square Shopping Center	2,000,000	0	(500,000)	1,500,000	500,000
0.00% Imwalle Building	800,000	0	(200,000)	600,000	200,000
Total Long Term Promissory Notes	2,800,000	0	(700,000)	2,100,000	700,000
General Obligation Bonds:					
3.00% Swimming Pool Refunding Bonds	1,385,000	0	(85,000)	1,300,000	85,000
4.50% Fire Truck	380,000	0	(55,000)	325,000	60,000
Total General Obligation Bonds	1,765,000	0	(140,000)	1,625,000	145,000
Accrued Pension Liability	747,194	0	(19,086)	728,108	19,905
Compensated Absences	1,774,378	250,506	(621,032)	1,403,852	148,928
Total General Long-Term Debt and Other Long-Term Obligations	<u>\$7,112,970</u>	<u>\$250,506</u>	<u>(\$1,482,418)</u>	<u>\$5,881,058</u>	<u>\$1,016,203</u>

The Village's liability for past service costs relating to the Police and Firemen's Disability and Pension Fund at December 31, 2012 was \$1,199,731 in principal and interest payments through the year 2035. Only the principal amount due of \$728,108 is included in the Government-wide Statement of Net Position.

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**VILLAGE OF ST. BERNARD, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2012**

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**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, 2012 follows:

Years	OPWC Loan		General Obligation Bonds	
	Principal	Interest	Principal	Interest
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	165,000	53,394
2017	2,670	406	170,000	45,569
2018-2022	11,510	791	570,000	143,282
2023-2026	0	0	265,000	20,000
Totals	\$24,098	\$3,580	\$1,625,000	\$459,940

Years	Long Term Promissory Notes		Police/Fire Accrued Pension Liability	
	Principal	Interest	Principal	Interest
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	0	0	23,552	31,233
2018-2022	0	0	133,832	137,636
2023-2027	0	0	165,149	101,525
2028-2032	0	0	203,795	56,962
2033-2035	0	0	116,881	8,601
Totals	\$2,100,000	\$120,000	\$728,108	\$471,623



## **VILLAGE OF ST. BERNARD, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2012***

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#### **NOTE 15 - INSURANCE AND RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Insurance for property holds a \$1,000 deductible, general liability does not have a deductible. The City carries a \$2,500 deductible for both police and professional liability insurance.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

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

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The City contracts with the Industrial Advisors Bureau to review all accidents claimed through Workers' Compensation.

#### **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 with a December 31, 2012 balance of \$143,940. The plan is administered by a third party administrator, Klais and Company, which monitors all claim payments. Excess loss coverage, carried through Standard Security, becomes effective after \$50,000 per year per specific claim.

The claims liability of \$102,513 reported in the General Fund at December 31, 2012 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 2012 and 2011 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>
2011	\$170,399	\$1,831,682	(\$1,904,020)	\$98,061
2012	98,061	1,800,308	(1,795,856)	102,513

## **VILLAGE OF ST. BERNARD, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2012***

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#### **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**

The fund deficit at December 31, 2012 of \$206,105 in the Capital Improvement Fund (capital projects fund) arise from the recognition of expenditures on the modified accrual that are greater than expenditures recognized on the budgetary basis. The deficit does not exist under the budgetary basis of accounting. Transfers are provided when cash is required, not when accruals occur.

# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S 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**

The Honorable Members of Village Council  
Village of St. Bernard, Ohio

We have audited, in accordance with the 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated July 26, 2013, wherein we noted the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

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

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 26, 2013.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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  
July 26, 2013

**VILLAGE OF ST. BERNARD  
SCHEDULE OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2012**

<b>Finding Number</b>	Finding Summary	Fully Corrected?	Status Explanation:
2011-01	Appropriations in excess of estimated resources.	Yes	Non-material items have been reported to management in a separate letter.

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# 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  
NOVEMBER 14, 2013**