



Dave Yost • Auditor of State

**CITY OF ST. CLAIRSVILLE
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Police, and Community Development Block Grant Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, during the year ended December, 31, 2012, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

April 7, 2014

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City of St. Clairsville
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

The discussion and analysis of the City of St. Clairsville's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net position decreased \$643,383.
- General revenues for governmental activities accounted for \$2,473,935 or approximately 76 percent of total revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$775,441 or approximately 24 percent of total revenues in the amount of \$3,249,376.
- Total assets of governmental activities increased \$414,254 primarily due to an increase in cash and cash equivalents, which was offset by decreases in intergovernmental receivables, and annual depreciation on capital assets. Total liabilities of governmental activities decreased \$41,155 primarily due to annual debt service payments on long-term obligations.
- The City had \$2,866,977 in expenses related to governmental activities; only \$775,441 of which was offset by program specific charges for services, and operating grants and contributions. General revenues in the amount of \$2,473,935 were adequate to provide for these programs.
- Total governmental funds had \$3,637,267 in revenues and \$2,717,480 in expenses. Overall, including other financing sources and (uses), total governmental fund balance increased \$919,787.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of St. Clairsville as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and concerns.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

City of St. Clairsville
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Reporting the City of St. Clairsville as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in net position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

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

Governmental Activities - Most of the City's services are reported here including police, administration, and all departments with the exception of the Water, Sewer and Light Funds.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or most of the cost of the services provided. The City's Water, Sewer, and Light systems are reported here.

Component Unit - The City's financial statements include financial data for the Community Improvement Corporation. The Component Unit is described in the notes to the financial statements. The Component Unit is separate and may buy, sell, lease, and mortgage property in its own name, and can sue or be sued in its own name.

Reporting the City of St. Clairsville's Most Significant Funds

Fund Financial Statements

Fund financial statements begin on page 15. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City's major funds are the General Fund, the Police, and Community Development Block Grant Special Revenue funds, the Permanent Improvement Capital Projects Fund, and the Water, Sewer, and Light Proprietary Funds.

Governmental Funds Most of the City's activities are reported in the 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 the 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.

City of St. Clairsville
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

Proprietary Funds When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The City of St. Clairsville as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to 2011:

Table 1
Net Position

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$3,844,973	\$3,176,160	\$4,088,651	\$4,779,522	\$7,933,624	\$7,955,682
Capital Assets	7,546,186	7,800,745	7,031,511	7,560,091	14,577,697	15,360,836
Total Assets	<u>11,391,159</u>	<u>10,976,905</u>	<u>11,120,162</u>	<u>12,339,613</u>	<u>22,511,321</u>	<u>23,316,518</u>
Liabilities						
Long-Term Liabilities	1,312,235	1,342,360	6,435,683	6,613,432	7,747,918	7,955,792
Other Liabilities	160,027	171,057	537,182	602,852	697,209	773,909
Total Liabilities	<u>1,472,262</u>	<u>1,513,417</u>	<u>6,972,865</u>	<u>7,216,284</u>	<u>8,445,127</u>	<u>8,729,701</u>
Deferred Inflows of Resources						
Property Taxes	856,600	733,840	0	0	856,600	733,840
Net Position						
Net Investment in						
Capital Assets	6,421,670	6,560,890	814,088	1,738,390	7,235,758	8,299,280
Restricted	1,995,384	1,605,727	0	0	1,995,384	1,605,727
Unrestricted	645,243	563,031	3,333,209	3,384,939	3,978,452	3,947,970
	<u>\$9,062,297</u>	<u>\$8,729,648</u>	<u>\$4,147,297</u>	<u>\$5,123,329</u>	<u>\$13,209,594</u>	<u>\$13,852,977</u>

Total assets of governmental activities increased \$414,254. The increase is primarily due to an increase in cash and cash equivalents, which was offset by a decrease in intergovernmental receivables, as well as annual depreciation on capital assets.

Total liabilities of governmental activities decreased \$41,155 primarily due to annual debt service payments on long-term obligations.

Total assets of business-type activities decreased \$1,219,451 primarily due to decreases in cash and cash equivalents, materials and supplies inventories, and annual depreciation on capital assets.

City of St. Clairsville
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Total liabilities of business-type activities decreased \$243,419 primarily due to annual debt service payments on long-term obligations, as well as decreases in accounts payable, and matured severance payable.

Table 2 shows the changes in net position for fiscal year 2012 compared to 2011.

Table 2
Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
<i>Program Revenue</i>						
Charges for Services	\$302,109	\$288,022	\$5,949,422	\$6,553,543	\$6,251,531	\$6,841,565
Operating Grants	473,332	451,675	0	352	473,332	452,027
Capital Grants and Contributions	0	274,207	0	0	0	274,207
Total Program Revenue	775,441	1,013,904	5,949,422	6,553,895	6,724,863	7,567,799
<i>General Revenue</i>						
Property Taxes	720,925	780,143	0	0	720,925	780,143
Income Taxes	1,045,372	688,458	0	0	1,045,372	688,458
Kilowatt per Hour Taxes	174,709	205,005	0	26,275	174,709	231,280
Grants and Entitlements	310,896	579,210	0	0	310,896	579,210
Investments	62,639	42,428	0	0	62,639	42,428
Other	159,394	59,514	33,384	143,414	192,778	202,928
Total General Revenue	2,473,935	2,354,758	33,384	169,689	2,507,319	2,524,447
Total Revenues	3,249,376	3,368,662	5,982,806	6,723,584	9,232,182	10,092,246
Program Expenses						
General Government						
Legislative and Executive	582,678	305,938	0	0	582,678	305,938
Judicial	466	0	0	0	466	0
Security of Persons and Property						
Police	974,078	994,497	0	0	974,078	994,497
Public Health Services	29,830	32,215	0	0	29,830	32,215
Leisure Time Services	421,051	400,435	0	0	421,051	400,435
Community and						
Economic Development	283,718	327,754	0	0	283,718	327,754
Transportation	527,259	475,697	0	0	527,259	475,697
Interest and Fiscal Charges	47,897	44,804	0	0	47,897	44,804
Water	0	0	1,046,525	1,046,337	1,046,525	1,046,337
Sewer	0	0	888,511	1,071,838	888,511	1,071,838
Light	0	0	5,073,552	4,695,047	5,073,552	4,695,047
Total Program Expenses	2,866,977	2,581,340	7,008,588	6,813,222	9,875,565	9,394,562
Increase (Decrease)						
Before Transfers	382,399	787,322	(1,025,782)	(89,638)	(643,383)	697,684
Transfers	(49,750)	0	49,750	0	0	0
Change in Net Position	332,649	787,322	(976,032)	(89,638)	(643,383)	697,684
Net Position Beginning of the Year	8,729,648	7,942,326	5,123,329	5,212,967	13,852,977	13,155,293
Net Position End of the Year	\$9,062,297	\$8,729,648	\$4,147,297	\$5,123,329	\$13,209,594	\$13,852,977

City of St. Clairsville
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Governmental Activities

Several revenue sources fund governmental activities, with the City income tax being the largest source. The income tax rate is 0.75 percent. Property taxes are the second largest revenue source for the City. Income taxes and property taxes represent 54 percent of total revenue.

Charges for services and operating grants and contributions for governmental activities increased slightly from 2011. The decrease in capital grants and contributions is due to a decrease in capital grant funding.

Security of persons and property – police accounted for 34 percent of governmental expenses for the City in 2012, and reflected a slight decrease from the prior year.

General government – legislative and executive accounted for 20 percent of expenses for the City in 2012. General government – legislative and executive increased from the prior year due to an increase in General Fund spending during 2012.

Transportation accounted for 18 percent of governmental expenses for 2012. Transportation program expenses increased slightly from the prior year primarily due to increases in the cost of road maintenance and repairs.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The Statement of Activities reflects the cost of program service and the program revenues which offset those services. The net cost of services identifies the cost of those services supported by income taxes, property taxes, unrestricted intergovernmental revenues, and other general revenues.

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
General Government				
Legislative and Executive	\$582,678	\$305,938	\$449,279	\$160,904
Judicial	466	0	(174)	0
Security of Persons and Property				
Police	974,078	994,497	795,825	857,815
Public Health Services	29,830	32,215	29,830	32,215
Leisure Time Services	421,051	400,435	319,177	297,670
Community and				
Economic Development	283,718	327,754	199,905	31,949
Transportation	527,259	475,697	249,797	142,079
Interest and Fiscal Charges	47,897	44,804	47,897	44,804
Total Expenses	<u>\$2,866,977</u>	<u>\$2,581,340</u>	<u>\$2,091,536</u>	<u>\$1,567,436</u>

Business-Type Activities

Business-type activities include water, sewer and light operations. The major source of revenue for these funds is charges for services, accounting for \$5,949,422 or 99 percent of total business-type revenues.

City of St. Clairsville
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

The City's Funds

Information about the City's governmental funds begins on page 15. The City has four major governmental funds, the General Fund, the Police, and Community Development Block Grant Special Revenue Funds, and the Permanent Improvement Capital Projects Fund. These funds are accounted for using the modified accrual method of accounting. The General Fund had \$1,796,958 in revenues and \$543,040 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$502,301. The Police Fund had \$683,487 in revenues and \$935,690 in expenditures. Overall, including other financing sources and (uses), the Police Fund's balance decreased \$8,762. The Community Development Block Grant Fund had \$209,176 in revenues and \$150,827 in expenditures, which resulted in a fund balance increase of \$58,349. The Permanent Improvement Fund had \$559,716 in revenues and \$152,907 in expenditures, which resulted in a fund balance increase of \$406,809.

Information about the proprietary funds starts on page 22. The City has three major proprietary funds, the Water, Sewer, and Light funds. These funds are accounted for on an accrual basis. The Water Fund had operating revenues in the amount of \$946,093 and operating expenses in the amount of \$1,028,926. Overall, including non-operating expenses, and transfers, the Water Fund's net position increased \$162,568. The Sewer Fund had operating revenues in the amount of \$779,526 and operating expenses in the amount of \$862,841. Overall, including non-operating expenses, and transfers, the Sewer Fund's net position decreased \$217,235. The Light Fund had operating revenues in the amount of \$4,257,187 and operating expenses in the amount of \$4,759,706. Overall, including non-operating expenses, and transfers, the Light Fund's net position decreased \$921,365.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2012, the City amended its General Fund budget and the budgetary statement reflects original and final budgeted amounts. The changes between original and final budget reflected an increase in all estimated revenues, with the exception of property tax revenues which remained consistent; original and final budgeted appropriations varied as final appropriations were higher for all programs. The variance between final budget and actual operations reflected less revenue than estimated, which was offset by actual spending in all programs being less than appropriated.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2012, the City's governmental and business-type activities had \$14,577,697 in land, construction in progress, land improvements, buildings and improvements, machinery and equipment, infrastructure, and vehicles, net of depreciation. Table 3 shows 2012 balances compared with 2011.

City of St. Clairsville
Management's Discussion and Analysis
For the Year Ended December 31, 2012
(Unaudited)

Table 3
Capital Assets Net of Depreciation

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$1,271,438	\$1,271,438	\$320,596	\$320,596	\$1,592,034	\$1,592,034
Construction in Progress	0	0	49,750	0	49,750	0
Land Improvements	171,757	183,540	0	0	171,757	183,540
Buildings and Improvements	216,157	258,879	1,421,599	1,491,509	1,637,756	1,750,388
Machinery and Equipment	167,151	198,426	252,231	305,009	419,382	503,435
Infrastructure	5,591,577	5,738,401	4,841,799	5,360,252	10,433,376	11,098,653
Vehicles	128,106	150,061	145,536	82,725	273,642	232,786
Total	\$7,546,186	\$7,800,745	\$7,031,511	\$7,560,091	\$14,577,697	\$15,360,836

See Note 10 for more information on capital assets.

Debt

The outstanding debt for the governmental and business-type activities of the City of St. Clairsville as of December 31, 2012 was \$7,467,955 with \$313,517 due within one year. Table 4 summarizes outstanding debt.

Table 4
Outstanding Debt at Year End

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$115,000	\$165,000	\$5,916,016	\$6,114,063	\$6,031,016	\$6,279,063
Long-Term Notes	742,618	784,311	0	0	742,618	784,311
OPWC Loans	257,225	271,789	314,322	336,617	571,547	608,406
Rural Development Loans	0	0	113,101	115,960	113,101	115,960
Capital Leases	9,673	18,755	0	0	9,673	18,755
Total	\$1,124,516	\$1,239,855	\$6,343,439	\$6,566,640	\$7,467,955	\$7,806,495

Additional information concerning the City's debt can be found in Note 16.

Current Finance Related Issues

The City experienced their first full year of collection of income tax revenue in 2012. The 0.75 percent income tax was implemented in 2011. The tax was implemented in an effort to recover the loss of revenue that the City has experienced due to the reduction of Local Government Funding from the State, the elimination of Estate Tax, and the elimination of Personal Property Tax.

Contacting the City's Finance Department

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Cindi Henry, Finance Director, 100 North Market Street, St. Clairsville, Ohio 43950.

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City of St. Clairsville
Statement of Net Position
Primary Government and Discretely Presented Component Unit
December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Improvement Corporation
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,458,980	\$2,960,503	\$4,419,483	\$0
Accounts Receivable	28,216	665,107	693,323	0
Income Taxes Receivable	310,463	0	310,463	0
Materials and Supplies Inventory	112,058	213,041	325,099	0
Intergovernmental Receivable	624,953	0	624,953	0
Property Taxes Receivable	910,191	0	910,191	0
Internal Balances	(250,000)	250,000	0	0
Loans Receivable	650,112	0	650,112	0
Assets Held for Resale	0	0	0	957,069
Nondepreciable Capital Assets	1,271,438	370,346	1,641,784	0
Depreciable Capital Assets, Net	6,274,748	6,661,165	12,935,913	0
<i>Total Assets</i>	<u>11,391,159</u>	<u>11,120,162</u>	<u>22,511,321</u>	<u>957,069</u>
<u>Liabilities</u>				
Accounts Payable	50,940	279,066	330,006	0
Accrued Wages and Benefits Payable	42,794	43,040	85,834	0
Matured Severance Payable	13,946	0	13,946	0
Intergovernmental Payable	46,515	39,876	86,391	0
Accrued Interest Payable	5,832	19,877	25,709	286
Refundable Deposits	0	155,323	155,323	0
Long-Term Liabilities:				
Due Within One Year	91,792	227,729	319,521	0
Due in More Than One Year	1,220,443	6,207,954	7,428,397	308,711
<i>Total Liabilities</i>	<u>1,472,262</u>	<u>6,972,865</u>	<u>8,445,127</u>	<u>308,997</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	856,600	0	856,600	0
<u>Net Position</u>				
Net Investment in Capital Assets	6,421,670	814,088	7,235,758	0
Restricted for:				
Capital Outlay	534,484	0	534,484	0
Community Development	1,147,855	0	1,147,855	0
Street	306,103	0	306,103	0
Other Purposes	6,942	0	6,942	0
Unrestricted	645,243	3,333,209	3,978,452	648,072
<i>Total Net Position</i>	<u>\$9,062,297</u>	<u>\$4,147,297</u>	<u>\$13,209,594</u>	<u>\$648,072</u>

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Activities
Primary Government and Discretely Presented Component Unit
For the Year Ended December 31, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Community Improvement Corporation
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	Total	
Governmental Activities							
General Government							
Legislative and Executive	\$582,678	\$133,399	\$0	(\$449,279)	\$0	(\$449,279)	\$0
Judicial	466	640	0	174	0	174	0
Security of Persons and Property - Police	974,078	66,046	112,207	(795,825)	0	(795,825)	0
Public Health Services	29,830	0	0	(29,830)	0	(29,830)	0
Leisure Time Services	421,051	101,874	0	(319,177)	0	(319,177)	0
Community and Economic Development	283,718	150	83,663	(199,905)	0	(199,905)	0
Transportation	527,259	0	277,462	(249,797)	0	(249,797)	0
Interest and Fiscal Charges	47,897	0	0	(47,897)	0	(47,897)	0
<i>Total Governmental Activities</i>	<u>2,866,977</u>	<u>302,109</u>	<u>473,332</u>	<u>(2,091,536)</u>	<u>0</u>	<u>(2,091,536)</u>	<u>0</u>
Business-Type Activities							
Water	1,046,525	932,825	0	0	(113,700)	(113,700)	0
Sewer	888,511	778,252	0	0	(110,259)	(110,259)	0
Light	5,073,552	4,238,345	0	0	(835,207)	(835,207)	0
<i>Total Business-Type Activities</i>	<u>7,008,588</u>	<u>5,949,422</u>	<u>0</u>	<u>0</u>	<u>(1,059,166)</u>	<u>(1,059,166)</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$9,875,565</u>	<u>\$6,251,531</u>	<u>\$473,332</u>	<u>(2,091,536)</u>	<u>(1,059,166)</u>	<u>(3,150,702)</u>	<u>0</u>
Component Unit:							
Community Improvement Corporation	\$0	\$0	\$0	0	0	0	0
General Revenues							
Property Taxes Levied for General Purposes				232,651	0	232,651	0
Property Taxes Levied for Police Operations				488,274	0	488,274	0
Income Taxes Levied for General Purposes				521,689	0	521,689	0
Income Taxes Levied for Capital Outlay				523,683	0	523,683	0
Kilowatt per Hour Tax Levied for General Purposes				174,709	0	174,709	0
Grants and Entitlements not Restricted to Specific Programs				310,896	0	310,896	0
Gifts and Donations				8,665	0	8,665	0
Investment Earnings				62,639	0	62,639	0
Miscellaneous				150,729	33,384	184,113	0
<i>Total General Revenues</i>				<u>2,473,935</u>	<u>33,384</u>	<u>2,507,319</u>	<u>0</u>
Transfers				(49,750)	49,750	0	0
<i>Total General Revenues and Transfers</i>				<u>2,424,185</u>	<u>83,134</u>	<u>2,507,319</u>	<u>0</u>
Change in Net Position				332,649	(976,032)	(643,383)	0
<i>Net Position Beginning of Year</i>				<u>8,729,648</u>	<u>5,123,329</u>	<u>13,852,977</u>	<u>648,072</u>
<i>Net Position End of Year</i>				<u>\$9,062,297</u>	<u>\$4,147,297</u>	<u>\$13,209,594</u>	<u>\$648,072</u>

See accompanying notes to the basic financial statements

**City of St. Clairsville
Balance Sheet
Governmental Funds
December 31, 2012**

	General	Police	Community Development Block Grant	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$710,557	\$0	\$165,509	\$465,774	\$113,716	\$1,455,556
Accounts Receivable	28,216	0	0	0	0	28,216
Intergovernmental Receivable	120,296	38,165	332,234	0	134,258	624,953
Income Taxes Receivable	155,232	0	0	155,231	0	310,463
Materials and Supplies Inventory	0	0	0	0	112,058	112,058
Interfund Receivable	6,047	0	0	113,229	0	119,276
Property Taxes Receivable	321,623	588,568	0	0	0	910,191
Loans Receivable	0	0	650,112	0	0	650,112
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	3,424	0	0	0	0	3,424
<i>Total Assets</i>	<u>\$1,345,395</u>	<u>\$626,733</u>	<u>\$1,147,855</u>	<u>\$734,234</u>	<u>\$360,032</u>	<u>\$4,214,249</u>
<u>Liabilities</u>						
Accounts Payable	\$1,190	\$0	\$0	\$49,750	\$0	\$50,940
Accrued Wages and Benefits Payable	3,875	23,790	0	0	15,129	42,794
Matured Severance Payable	0	13,946	0	0	0	13,946
Intergovernmental Payable	7,834	25,016	0	0	13,665	46,515
Interfund Payable	213,229	6,047	0	150,000	0	369,276
<i>Total Liabilities</i>	<u>226,128</u>	<u>68,799</u>	<u>0</u>	<u>199,750</u>	<u>28,794</u>	<u>523,471</u>
<u>Deferred Inflows of Resources</u>						
Property Taxes	302,500	554,100	0	0	0	856,600
Unavailable Revenue	279,941	72,633	332,234	129,527	91,734	906,069
<i>Total Deferred Inflows of Resources</i>	<u>582,441</u>	<u>626,733</u>	<u>332,234</u>	<u>129,527</u>	<u>91,734</u>	<u>1,762,669</u>
<u>Fund Balances</u>						
Nonspendable:						
Materials and Supplies Inventory	0	0	0	0	112,058	112,058
Unclaimed Monies	3,424	0	0	0	0	3,424
Restricted for:						
Capital Outlay	0	0	0	404,957	0	404,957
Community Development	0	0	815,621	0	0	815,621
Street	0	0	0	0	133,199	133,199
Other Purposes	0	0	0	0	3,518	3,518
Unassigned	533,402	(68,799)	0	0	(9,271)	455,332
<i>Total Fund Balances</i>	<u>536,826</u>	<u>(68,799)</u>	<u>815,621</u>	<u>404,957</u>	<u>239,504</u>	<u>1,928,109</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$1,345,395</u>	<u>\$626,733</u>	<u>\$1,147,855</u>	<u>\$734,234</u>	<u>\$360,032</u>	<u>\$4,214,249</u>

See accompanying notes to the basic financial statements

City of St. Clairsville
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2012

Total Governmental Fund Balances \$1,928,109

Amounts reported for governmental activities on the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 7,546,186

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:

Property Taxes	53,591
Income Taxes	259,055
Intergovernmental	565,207
Licenses and Permits	28,216

Total 906,069

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (5,832)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

General Obligation Bonds	115,000
Long-Term Notes Payable	742,618
OPWC Loans Payable	257,225
Capital Leases	9,673
Compensated Absences	187,719

Total (1,312,235)

Net Position of Governmental Activities \$9,062,297

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Police	Community Development Block Grant	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>						
Property Taxes	\$236,876	\$504,507	\$0	\$0	\$0	\$741,383
Income Taxes	487,721	0	0	489,716	0	977,437
Other Local Taxes	174,709	0	0	0	0	174,709
Charges for Services	150	65,818	0	0	102,102	168,070
Licenses and Permits	93,423	0	0	0	0	93,423
Fines and Forfeitures	11,760	0	0	0	640	12,400
Intergovernmental	621,611	113,162	165,664	70,000	277,375	1,247,812
Interest	19,127	0	43,512	0	0	62,639
Donations	2,661	0	0	0	6,004	8,665
Other	148,920	0	0	0	1,809	150,729
<i>Total Revenues</i>	<u>1,796,958</u>	<u>683,487</u>	<u>209,176</u>	<u>559,716</u>	<u>387,930</u>	<u>3,637,267</u>
<u>Expenditures</u>						
Current:						
General Government:						
Legislative and Executive	398,645	0	0	0	0	398,645
Judicial	0	0	0	0	466	466
Security of Persons and Property - Police	0	935,690	0	0	6,938	942,628
Public Health Services	29,830	0	0	0	0	29,830
Leisure Time Services	12,048	0	0	0	316,934	328,982
Community and Economic Development	102,517	0	150,827	0	0	253,344
Transportation	0	0	0	0	431,772	431,772
Capital Outlay	0	0	0	152,907	21,502	174,409
Debt Service:						
Principal Retirement	0	0	0	0	115,339	115,339
Interest and Fiscal Charges	0	0	0	0	42,065	42,065
<i>Total Expenditures</i>	<u>543,040</u>	<u>935,690</u>	<u>150,827</u>	<u>152,907</u>	<u>935,016</u>	<u>2,717,480</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,253,918</u>	<u>(252,203)</u>	<u>58,349</u>	<u>406,809</u>	<u>(547,086)</u>	<u>919,787</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In	0	253,742	0	0	624,079	877,821
Transfers Out	(751,617)	(10,301)	0	0	(115,903)	(877,821)
<i>Total Other Financing Sources (Uses)</i>	<u>(751,617)</u>	<u>243,441</u>	<u>0</u>	<u>0</u>	<u>508,176</u>	<u>0</u>
Net Change in Fund Balances	502,301	(8,762)	58,349	406,809	(38,910)	919,787
<i>Fund Balances at Beginning of Year - Restated (Note 3)</i>	<u>34,525</u>	<u>(60,037)</u>	<u>757,272</u>	<u>(1,852)</u>	<u>278,414</u>	<u>1,008,322</u>
<i>Fund Balances at End of Year</i>	<u>\$536,826</u>	<u>(\$68,799)</u>	<u>\$815,621</u>	<u>\$404,957</u>	<u>\$239,504</u>	<u>\$1,928,109</u>

See accompanying notes to the basic financial statements

City of St. Clairsville
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2012

Net Change in Fund Balances - Total Governmental Funds		\$919,787
<i>Amounts reported for governmental activities on the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:		(254,559)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property Taxes	(20,458)	
Income Taxes	67,935	
Intergovernmental	(463,584)	
Licenses and Permits	28,216	
Total	(387,891)	(387,891)
Repayments of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	50,000	
Long-Term Note	41,693	
OPWC Loans	14,564	
Capital Leases	9,082	
Total	115,339	115,339
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in the governmental funds.		
Accrued Interest		(2,204)
Some expenses reported on the statement of activities such as vacation benefits payable and compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Vacation Benefits Payable	27,391	
Compensated Absences Payable	(85,214)	
Total	(57,823)	(57,823)
Change in Net Position of Governmental Activities		\$332,649

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<u>Revenues</u>				
Property Taxes	\$267,950	\$267,950	\$236,876	(\$31,074)
Income Taxes	575,711	650,767	513,853	(136,914)
Other Local Taxes	195,741	221,259	174,709	(46,550)
Charges for Services	168	190	150	(40)
Licenses and Permits	135,574	153,249	121,007	(32,242)
Fines and Forfeitures	13,282	15,014	11,855	(3,159)
Intergovernmental	691,236	781,352	624,843	(156,509)
Interest	18,713	21,152	19,127	(2,025)
Donations	2,366	2,675	2,661	(14)
Other	29,709	33,582	148,918	115,336
Total Revenues	<u>1,930,450</u>	<u>2,147,190</u>	<u>1,853,999</u>	<u>(293,191)</u>
<u>Expenditures</u>				
Current:				
General Government:				
Legislative and Executive	371,053	450,840	404,710	46,130
Public Health Services	32,500	32,500	29,830	2,670
Leisure Time Services	15,200	17,569	11,298	6,271
Community and Economic Development	118,316	118,316	101,468	16,848
Total Expenditures	<u>537,069</u>	<u>619,225</u>	<u>547,306</u>	<u>71,919</u>
Excess of Revenues Over Expenditures	1,393,381	1,527,965	1,306,693	(221,272)
<u>Other Financing Uses</u>				
Transfers Out	(1,391,875)	(1,528,865)	(750,757)	778,108
Net Change in Fund Balance	1,506	(900)	555,936	556,836
Fund Balance at Beginning of Year	158,513	158,513	158,513	0
Prior Year Encumbrances Appropriated	<u>5,579</u>	<u>5,579</u>	<u>5,579</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$165,598</u></u>	<u><u>\$163,192</u></u>	<u><u>\$720,028</u></u>	<u><u>\$556,836</u></u>

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property Taxes	\$582,350	\$582,350	\$504,507	(\$77,843)
Charges for Services	352,603	353,794	65,818	(287,976)
Intergovernmental	152,447	156,420	113,162	(43,258)
Total Revenues	1,087,400	1,092,564	683,487	(409,077)
<u>Expenditures</u>				
Current:				
Security of Persons and Property - Police	1,104,144	1,117,308	951,740	165,568
Excess of Revenues Under Expenditures	(16,744)	(24,744)	(268,253)	(243,509)
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	253,742	253,742
Transfers Out	0	0	(10,301)	(10,301)
Total Other Financing Sources (Uses)	0	0	243,441	243,441
Net Change in Fund Balance	(16,744)	(24,744)	(24,812)	(68)
Fund Balance at Beginning of Year	1,571	1,571	1,571	0
Prior Year Encumbrances Appropriated	17,194	17,194	17,194	0
Fund Balance (Deficit) at End of Year	\$2,021	(\$5,979)	(\$6,047)	(\$68)

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$178,000	\$178,000	\$176,202	(\$1,798)
Interest	90,000	90,000	43,512	(46,488)
Total Revenues	268,000	268,000	219,714	(48,286)
<u>Expenditures</u>				
Current:				
Community and Economic Development	250,000	250,000	150,827	99,173
Net Change in Fund Balance	18,000	18,000	68,887	50,887
Fund Balance at Beginning of Year	96,622	96,622	96,622	0
Fund Balance at End of Year	<u>\$114,622</u>	<u>\$114,622</u>	<u>\$165,509</u>	<u>\$50,887</u>

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Water	Sewer	Light	Total Enterprise
<u>Assets</u>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$213,581	\$298,373	\$2,293,226	\$2,805,180
Accounts Receivable	101,506	87,064	476,537	665,107
Materials and Supplies Inventory	61,171	10,488	141,382	213,041
Interfund Receivable	9,962	0	250,000	259,962
<i>Total Current Assets</i>	<u>386,220</u>	<u>395,925</u>	<u>3,161,145</u>	<u>3,943,290</u>
Non-Current Assets:				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	74,157	57,438	23,728	155,323
Nondepreciable Capital Assets	0	49,750	320,596	370,346
Depreciable Capital Assets, Net	1,298,117	1,538,618	3,824,430	6,661,165
<i>Total Non-Current Assets</i>	<u>1,372,274</u>	<u>1,645,806</u>	<u>4,168,754</u>	<u>7,186,834</u>
<i>Total Assets</i>	<u>1,758,494</u>	<u>2,041,731</u>	<u>7,329,899</u>	<u>11,130,124</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	1,190	1,190	276,686	279,066
Accrued Wages and Benefits Payable	13,932	13,721	15,387	43,040
Interfund Payable	0	9,962	0	9,962
Intergovernmental Payable	13,074	11,729	15,073	39,876
Accrued Interest Payable	783	1,427	17,667	19,877
Current Portion Compensated Absences Payable	461	506	1,012	1,979
Current Portion OPWC Loan Payable	2,474	20,271	0	22,745
Current Portion USDA Rural Development Loan Payable	0	3,005	0	3,005
Current Portion General Obligation Bonds Payable	5,000	20,000	175,000	200,000
<i>Total Current Liabilities</i>	<u>36,914</u>	<u>81,811</u>	<u>500,825</u>	<u>619,550</u>
Long-Term Liabilities (Net of Current Portion):				
Refundable Deposits Payable from Restricted Assets	74,157	57,438	23,728	155,323
Compensated Absences Payable	21,012	23,075	46,178	90,265
OPWC Loans Payable	35,464	256,113	0	291,577
USDA Rural Development Loan Payable	0	110,096	0	110,096
General Obligation Bonds Payable	236,498	242,086	5,237,432	5,716,016
<i>Total Long-Term Liabilities</i>	<u>367,131</u>	<u>688,808</u>	<u>5,307,338</u>	<u>6,363,277</u>
<i>Total Liabilities</i>	<u>404,045</u>	<u>770,619</u>	<u>5,808,163</u>	<u>6,982,827</u>
<u>Net Position (Deficit)</u>				
Net Investment in Capital Assets	1,025,179	943,883	(1,154,974)	814,088
Unrestricted	329,270	327,229	2,676,710	3,333,209
<i>Total Net Position</i>	<u>\$1,354,449</u>	<u>\$1,271,112</u>	<u>\$1,521,736</u>	<u>\$4,147,297</u>

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Water	Sewer	Light	Total Enterprise
<u>Operating Revenues</u>				
Charges for Services	\$932,825	\$778,252	\$4,238,345	\$5,949,422
Other	13,268	1,274	18,842	33,384
<i>Total Operating Revenues</i>	<u>946,093</u>	<u>779,526</u>	<u>4,257,187</u>	<u>5,982,806</u>
<u>Operating Expenses</u>				
Personal Services	504,840	411,279	595,297	1,511,416
Contractual Services	153,876	38,979	49,576	242,431
Purchased Power	0	0	3,686,610	3,686,610
Materials and Supplies	103,343	37,195	278,406	418,944
Depreciation	266,867	375,388	149,817	792,072
<i>Total Operating Expenses</i>	<u>1,028,926</u>	<u>862,841</u>	<u>4,759,706</u>	<u>6,651,473</u>
<i>Operating Loss</i>	(82,833)	(83,315)	(502,519)	(668,667)
<u>Non-Operating Expenses</u>				
Interest and Fiscal Charges	(17,599)	(25,670)	(313,846)	(357,115)
<i>Loss Before Contributions and Transfers</i>	(100,432)	(59,235)	(816,365)	(976,032)
Capital Contributions	0	49,750	0	49,750
<i>Loss Before Transfers</i>	(100,432)	(59,235)	(816,365)	(976,032)
Transfers In	263,000	0	0	263,000
Transfers Out	0	(158,000)	(105,000)	(263,000)
<i>Change in Net Position</i>	162,568	(217,235)	(921,365)	(976,032)
<i>Net Position Beginning of Year</i>	<u>1,191,881</u>	<u>1,488,347</u>	<u>2,443,101</u>	<u>5,123,329</u>
<i>Net Position End of Year</i>	<u><u>\$1,354,449</u></u>	<u><u>\$1,271,112</u></u>	<u><u>\$1,521,736</u></u>	<u><u>\$4,147,297</u></u>

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Water	Sewer	Light	Total Enterprise
Increase (Decrease) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$923,247	\$768,905	\$4,253,123	\$5,945,275
Cash Payments for Employee Services and Benefits	(505,800)	(421,980)	(588,585)	(1,516,365)
Cash Payments for Goods and Services	(288,600)	(55,877)	(125,493)	(469,970)
Cash Payments for Purchased Power	0	0	(3,686,610)	(3,686,610)
Utility Deposits Received	6,909	4,588	25,178	36,675
Utility Deposits Paid	(5,616)	(3,643)	(21,141)	(30,400)
Other Operating Revenues	13,268	1,274	18,842	33,384
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>143,408</u>	<u>293,267</u>	<u>(124,686)</u>	<u>311,989</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Cash Received for Other Local Taxes	0	0	51,888	51,888
Cash Payments of Other Local Taxes	0	0	(34,773)	(34,773)
<i>Net Cash Provided by Noncapital Activities</i>	<u>0</u>	<u>0</u>	<u>17,115</u>	<u>17,115</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Payments for Capital Acquisitions	0	(134,992)	(78,750)	(213,742)
Principal Paid on General Obligation Bonds	(5,000)	(20,000)	(165,000)	(190,000)
Principal Paid on OPWC Loans	(2,426)	(19,869)	0	(22,295)
Principal Paid on USDA Rural Development Loans	(2,859)	0	0	(2,859)
Interest Paid on Debt	(21,597)	(15,666)	(241,555)	(278,818)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(31,882)</u>	<u>(190,527)</u>	<u>(485,305)</u>	<u>(707,714)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	111,526	102,740	(592,876)	(378,610)
<i>Cash and Cash Equivalents Beginning of Year</i>	176,212	253,071	2,909,830	3,339,113
<i>Cash and Cash Equivalents End of Year</i>	<u>\$287,738</u>	<u>\$355,811</u>	<u>\$2,316,954</u>	<u>\$2,960,503</u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>				
Operating Loss	(\$82,833)	(\$83,315)	(\$502,519)	(\$668,667)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities</u>				
Depreciation	266,867	375,388	149,817	792,072
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(7,920)	(8,106)	15,078	(948)
(Increase) Decrease in Materials and Supplies Inventory	(25,681)	28,206	205,313	207,838
Increase in Accrued Wages and Benefits Payable	1,177	3,599	2,648	7,424
Decrease in Accounts Payable	(6,925)	(7,909)	(2,824)	(17,658)
Decrease in Matured Severance Payable	0	(10,713)	0	(10,713)
Increase (Decrease) in Compensated Absences Payable	(4,179)	(4,115)	1,721	(6,573)
Increase in Intergovernmental Payable	3,267	528	2,343	6,138
Increase (Decrease) in Refundable Deposits Payable	(365)	(296)	3,737	3,076
Total Adjustments	<u>226,241</u>	<u>376,582</u>	<u>377,833</u>	<u>980,656</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$143,408</u>	<u>\$293,267</u>	<u>(\$124,686)</u>	<u>\$311,989</u>

Noncash Activities:

There was a \$49,750 Capital Contribution from Governmental Activities recorded in the Sewer Fund in 2012 .

The Water Fund had \$263,000 of transfers in from the Sewer and Light funds in the amount of \$158,000 and \$105,000, respectively, for prior year advances that were made permanent transfers.

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2012

Assets

Equity in Pooled Cash and Cash Equivalents	\$2,531
Cash and Cash Equivalents in Segregated Accounts	<u>1,148</u>
<i>Total Assets</i>	<u><u>\$3,679</u></u>

Liabilities

Undistributed Monies	<u>\$3,679</u>
<i>Total Liabilities</i>	<u><u>\$3,679</u></u>

See accompanying notes to the basic financial statements

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City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

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

The City’s Manager (Service Director) is appointed by the Mayor, subject to a majority vote of Council, to an indefinite term, not to exceed the Mayor’s term. The Service Director may be removed from office by the Mayor, subject to the approval of two-thirds of the Council. The Service Director is responsible to Council for the administration of all affairs of the City and the enforcement of all laws and ordinances within the scope of the designated powers and duties of the office. The Service Director has the power to appoint, promote, transfer, reduce or remove, subject to the provisions of the Charter and enactments of Council, any officer or employee of the City, except those required by the Charter to be elected and those whose appointment or term of office may otherwise be provided for in the Charter.

Reporting Entity

The City utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

The primary government consists of all funds and departments that are not legally separate from the City. Services provided by the primary government include police, parks and recreation, cemetery, planning, zoning, street construction, maintenance and repair, water, sewer and electric services, and general administrative services. The operation of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

St. Clairsville Community Improvement Corporation – St. Clairsville Community Improvement Corporation (“CIC”) is a legally separate organization, which was established during 2007. The CIC is governed by a five person board of trustees, which is elected by the members of the CIC. All members of the St. Clairsville City Council are voting members of the CIC. At least two members of the board of trustees must be elected officeholders with the City of St. Clairsville; the remainder of the board of trustees is made up of administrators of the City. The purpose of the CIC is to provide improvements to the City, encourage businesses to locate and stay in the downtown area, resolve parking issues and downtown revitalization. In accordance with its purpose, the CIC has established the Clarendon, LLC (“LLC”). The consolidated financial statements include the LLC. Additional information concerning the CIC is presented in Note 22.

The following potential component units have been excluded from the City's financial statements because the City is not financially accountable for them nor are these entities for which the City approves the budget, issues debt, or levies taxes:

St. Clairsville-Richland City School District
St. Clairsville Public Library
Belmont County Transportation Improvement District

The City is involved with the following organizations which are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 18.

Ohio Mid-Eastern Governments Association (OMEGA)
Bel-O-Mar Regional Council
Southeastern Ohio Narcotics Task Force (SENT)
Memorial Park District of the City of St. Clairsville and Richland Township
Cumberland Trail Fire District

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

A. Basis of Presentation

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

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

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

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

General Fund The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Community Development Block Grant Fund The community development block grant special revenue fund is to account for the Federal grant monies used for the administration of a community development block grant program.

Permanent Improvement Fund The permanent improvement capital projects fund is to account for income taxes, and transfers expended for the construction and repair/improvements of various City properties and facilities.

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

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

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

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

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

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

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, no deferred outflows of resources are reported

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income tax revenue, licenses and permits, state-levied and locally shared taxes, and grants and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

E. Budgetary Data

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

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

F. Cash and Cash Equivalents

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

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

During 2012, the City's investments were limited to nonnegotiable certificates of deposit, and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such and nonnegotiable certificates of deposit are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price for which the investment could be sold on December 31, 2012.

Investment procedures are restricted by the provisions of the Ohio Revised Code and the City's investment policy and Charter. Interest revenue credited to the General Fund during 2012 amounted to \$19,127, which includes \$16,766 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

G. Materials and Supplies Inventory

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

H. Restricted Assets

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

Customer deposits are classified as restricted assets on the Statement of Fund Net Position – Proprietary Funds because the deposit remains the property of the customer. The restricted asset account is balanced by a deposits held and due to others liability account. Restricted assets of the City also include unclaimed monies.

I. Capital Assets

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

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of two thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

Description	Governmental and Business Type Activities Estimated Lives
Land Improvements	15 Years
Building and Building Improvements	40 Years
Equipment and Vehicles	5-7 Years
Infrastructure	15-25 Years

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

J. Interfund Balances

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

K. Compensated Absences

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

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employee will be paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*," the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the City Council. In the general fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by City charter, or ordinance, or by State Statute. State Statute authorizes the Director of Finance to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

N. Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes are primarily for net position of the Miscellaneous Court/Safety Special Revenue Fund, and unclaimed monies. Of the restricted net position, none has resulted from enabling legislation.

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

O. Operating Revenues and Expenses

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

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

P. Internal Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

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. Contributions of Capital

Contributions of capital arise from contributions from other funds.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES / RESTATEMENT OF FUND BALANCE

A. Changes in Accounting Principles

For 2012, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53" Statement No. 65, "Items Previously Reported as Assets and Liabilities," and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62"

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City's financial statements.

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GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City’s financial statements.

GASB 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 note disclosures. These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City’s financial statements

B. Restatement of Fund Balance

Due to the implementation of GASB Statement 54, fund reclassification occurred for eight funds that had previously been reported as special revenue funds, three of the funds are now being combined with the General Fund, one of the funds is now being reported with the Permanent Improvement Capital Projects Fund, one of the funds, which had previously been reported with Other Governmental Funds, is now being reported with the Police Special Revenue Fund, and three of the funds, which had previously been reported with Other Governmental Funds, are now being reported with the Community Development Special Revenue Fund, in accordance with the standards. The effect of the change is as follows:

	<u>General</u>	<u>Police</u>	<u>Community Development Block Grant</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>
Fund Balance,					
December 31, 2011	\$34,345	(\$38,718)	\$0	\$0	\$1,012,695
Restatement, Fund Balance	<u>180</u>	<u>(21,319)</u>	<u>757,272</u>	<u>(1,852)</u>	<u>(734,281)</u>
Restated, Fund Balance,					
December 31, 2011	<u>\$34,525</u>	<u>(\$60,037)</u>	<u>\$757,272</u>	<u>(\$1,852)</u>	<u>\$278,414</u>

City of St. Clairsville
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NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or unassigned fund balance (GAAP basis).
4. Transfers in and transfers out that are balance sheet transactions (GAAP basis) as opposed to operating transactions (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the police and community development block grant special revenue funds.

Net Change in Fund Balances
General and Major Special Revenue Funds

	General	Police	Community Development Block Grant
GAAP Basis	\$502,301	(\$8,762)	\$58,349
Revenue Accruals	57,041	0	10,538
Expenditure Accruals	(4,266)	(16,050)	0
Transfers Out	860	0	0
Encumbrances	0	0	0
Budget Basis	\$555,936	(\$24,812)	\$68,887

City of St. Clairsville
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NOTE 5 - FUND DEFICIT

At December 31, 2012, the following fund had deficit fund balance:

	<u>Deficit Fund Balance</u>
Police	<u>\$68,799</u>

The deficit in the Police Special Revenue Fund was result of a deficit cash balance, as well as the application of generally accepted accounting principles. The City will monitor future spending.

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. 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.;

City of St. Clairsville
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4. Bonds and any other obligations of the State of Ohio;
5. Time certificates of deposit or savings accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

The City may also invest in any monies not required to be used for a period of six months or more in the following:

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,904,220 of the City's bank balance of \$4,506,899 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

City of St. Clairsville
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Investments

As of December 31, 2012, the City had an investment in STAR Ohio. The fair value of the STAR Ohio investment was \$4,305, and the investment has an average maturity of 55.4 days.

Interest Rate Risk. The City's investment policy limits investment portfolio maturities to five years or less for investments with a fixed interest rate, and two years or less for investments with a variable interest rate. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no policy that addresses credit risk.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. The City places no limit on the amount that may be invested in any one issuer.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by the State Law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true collected value; public utility real property is assessed at 25 percent of true value. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$12.10 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

City of St. Clairsville
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Category	Assessed Value
Real Property	\$108,610,580
Public Utility Personal Property	812,550
Total Assessed Property Value	\$109,423,130

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2012 consisted of taxes, accounts (billings for user charged services including unbilled utility services), loans, interfund and intergovernmental receivables arising from grants and shared revenues. All receivables are considered collectible in full. Delinquent accounts receivable may be certified and collected as a special assessment, subject to foreclosure for nonpayment. Except as noted below, all other receivables are expected to be collected within one year.

Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$53,591 may not be collected within one year.

The Community Development Block Grant Fund reflects loans receivable of \$650,112, including \$308,711 of loans to the Community Improvement Corporation (CIC) (See Related Party Transaction Note 21 for more information). These loans receivable, with the exception of the amounts due from the CIC, are for financing the rehabilitation of downtown local businesses for community development.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	
Local Government Funding	\$47,915
Homestead/Rollback Reimbursement	59,365
Estate Tax	51,181
Motor Vehicle License and Gasoline Tax	127,896
Federal Emergency Management Agency Grants	6,362
Community Development Block Grants	332,234
Total Governmental Activities	\$624,953

City of St. Clairsville
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NOTE 9 - INCOME TAXES

The City levies an income tax of 0.75 percent on every individual taxpayer who resides in the City of St. Clairsville, as well as all non-resident individuals who receive net profits, salaries, wages, commissions or other personal service compensation for work done, or services performed or rendered inside of the City of St. Clairsville.

Residents of the City who receive net profits, salaries, wages, commissions or other personal service compensation for work done, or services performed or rendered outside of the City of St. Clairsville are allowed a credit for any income taxes assessed upon them by outside municipalities. The credit is for any income taxes paid to another municipality, up to fifty percent of the income tax assessed by the City of St. Clairsville.

The General Fund and the Permanent Improvement Fund each receive 50 percent of income tax revenues.

NOTE 10 - CAPITAL ASSETS

A summary of changes in capital assets during 2012 follows:

	<u>Balance</u> <u>12/31/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2012</u>
<u>Governmental Activities:</u>				
Non Depreciable Capital Assets:				
Land	\$1,271,438	\$0	\$0	\$1,271,438
Depreciable Capital Assets:				
Land Improvements	266,179	0	0	266,179
Buildings and Improvements	2,180,616	0	0	2,180,616
Machinery and Equipment	518,992	0	0	518,992
Infrastructure	6,438,961	0	0	6,438,961
Vehicles	323,582	0	0	323,582
Total Depreciable Capital Assets	<u>9,728,330</u>	<u>0</u>	<u>0</u>	<u>9,728,330</u>
Accumulated Depreciation:				
Land Improvements	(82,639)	(11,783)	0	(94,422)
Buildings and Improvements	(1,921,737)	(42,722)	0	(1,964,459)
Machinery and Equipment	(320,566)	(31,275)	0	(351,841)
Infrastructure	(700,560)	(146,824)	0	(847,384)
Vehicles	(173,521)	(21,955)	0	(195,476)
Total Depreciable Capital Assets	<u>(3,199,023)</u>	<u>(254,559)</u>	<u>0</u>	<u>(3,453,582)</u>
Total Depreciable Capital Assets, Net	<u>6,529,307</u>	<u>(254,559)</u>	<u>0</u>	<u>6,274,748</u>
Governmental Capital Assets, Net	<u>\$7,800,745</u>	<u>(\$254,559)</u>	<u>\$0</u>	<u>\$7,546,186</u>

City of St. Clairsville
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*Depreciation expense was charged to governmental functions as follows:

General Government:	
Legislative and Executive	\$18,805
Leisure Time Activities	101,378
Security of Persons and Property:	
Police	15,497
Transportation	98,036
Community and Economic Development	<u>20,843</u>
Total Depreciation Expense	<u><u>\$254,559</u></u>

	<u>Balance</u> <u>12/31/2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2012</u>
<u>Business Type Activities:</u>				
Non Depreciable Capital Assets:				
Land	\$320,596	\$0	\$0	\$320,596
Construction in Progress	0	49,750	0	49,750
Total Non Depreciable Capital Assets	<u>320,596</u>	<u>49,750</u>	<u>0</u>	<u>370,346</u>
Depreciable Capital Assets:				
Buildings and Improvements	2,439,512	0	0	2,439,512
Machinery and Equipment	864,356	0	0	864,356
Infrastructure	21,718,422	134,992	0	21,853,414
Vehicles	276,808	78,750	0	355,558
Total Depreciable Capital Assets	<u>25,299,098</u>	<u>213,742</u>	<u>0</u>	<u>25,512,840</u>
Accumulated Depreciation:				
Buildings and Improvements	(948,003)	(69,910)	0	(1,017,913)
Machinery and Equipment	(559,347)	(52,778)	0	(612,125)
Infrastructure	(16,358,170)	(653,445)	0	(17,011,615)
Vehicles	(194,083)	(15,939)	0	(210,022)
Total Depreciable Capital Assets	<u>(18,059,603)</u>	<u>(792,072)</u>	<u>0</u>	<u>(18,851,675)</u>
Total Depreciable Capital Assets, Net	<u>7,239,495</u>	<u>(578,330)</u>	<u>0</u>	<u>6,661,165</u>
Business Type Capital Assets, Net	<u><u>\$7,560,091</u></u>	<u><u>(\$528,580)</u></u>	<u><u>\$0</u></u>	<u><u>\$7,031,511</u></u>

City of St. Clairsville
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NOTE 11 - RISK MANAGEMENT

A. Property and Liability Insurance

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. During 2012, the City contracted with the Scottsdale Insurance Company, and the Westfield Insurance Company for property and inland marine coverage, for fleet insurance, and liability insurance. The Scottsdale Insurance Coverage and Westfield Insurance Coverage, provided by the Pilney-Foster Insurance Agency of Ohio, are as follows:

Building and Contents - replacement cost (\$5,000 deductible)	\$28,665,469
Vacant Hotel (\$5,000 deductible)	3,000,000
Flood Coverage (\$10,000 deductible)	5,000,000
Earthquake (\$25,000 deductible)	5,000,000
Equipment Breakdown Limit - reported value (\$5,000 deductible)	28,665,469
Crime:	
Employee Dishonesty	500,000
Automotive:	
Bodily Injury, Property Damage, etc. (each occurrence)	1,000,000
Uninsured Motorist	1,000,000
Medical Payments	5,000
General Liability:	
General Aggregate	2,000,000
Personal Injury / Advertising Injury	1,000,000
Limit Per Occurrence	1,000,000
Employers Stop Gap	1,000,000
Employee Benefits:	
Each Employee (\$1,000 deductible)	1,000,000
Aggregate	1,000,000
Public Officials Liability:	
Aggregate	1,000,000
Each Occurrence (\$2,500 deductible)	1,000,000
Law Enforcement Liability:	
Aggregate	5,000,000
Each Person / Occurrence (\$2,500 deductible)	5,000,000
Umbrella:	
Aggregate	5,000,000
Each Occurrence (\$10,00 deductible)	5,000,000

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

City of St. Clairsville
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B. Workers' Compensation

The City pays the State Workers' Compensation System a premium for employee injury coverage based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement increased to 12 percent and 12.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

City of St. Clairsville
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The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$168,280, \$168,418, and \$127,373, respectively. For 2012, 88.98 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. No contributions were made to the Member-Directed Plan by the City or the plan members for 2012.

B. Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers. The City's contributions to OP&F for police pension was \$45,725 for the year ended December 31, 2012, \$51,734 for the year ended December 31, 2011, and \$54,709 for the year ended December 31, 2010, respectively. For 2012, 83.32 percent for police has been contributed with the balance being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose social security or the appropriate state system. The City's liability is 6.2 percent of wages paid. No employees have elected social security.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (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 for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

City of St. Clairsville
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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 Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$67,312, \$67,367, and \$92,869 respectively. For 2012, 88.98 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

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.

City of St. Clairsville
Notes to the Basic Financial Statements
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B. Police and Fire Pension Fund

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

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent 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 City's contributions to OP&F which were allocated to fund post-employment health care benefits for police was \$24,208 for the year ended December 31, 2012, \$27,389 for the year ended December 31, 2011, and \$28,964 for the year ended December 31, 2010. For 2012, 83.32 percent has been contributed for police with the balance being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

City of St. Clairsville
Notes to the Basic Financial Statements
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NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Insurances

The City provides medical/surgical and prescription drug insurance coverage for all eligible employees through the Health Plan of the Upper Ohio Valley. The monthly premium for medical/surgical and prescription drug coverage is \$560.14 for single plan and \$1,400.37 for a family plan. The Council pays 95 percent of the premiums. The City provides dental insurance coverage for all eligible employees through Delta Dental. The monthly premium for dental coverage is \$62.35 for a single plan and \$116.75 for a family plan. The Council pays 100 percent of the premiums. The City provides vision insurance coverage for all AFSCME and FOP union employees through Vision Service Plan. The monthly premium for vision coverage is \$7.25; the Council pays 100 percent of the premiums. Elected officials and full time non-union employees may purchase vision insurance from Vision Service Plan at a premium of \$20.00 per month. The City provides a life insurance policy, in the amount of \$25,000, for all eligible employees through Anthem. The monthly premium for life insurance policy is \$9.75; the Council pays 100 percent of the premiums.

NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the City has entered into capitalized leases for vehicles. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Vehicles acquired by lease have been capitalized in government wide statements governmental activities in the amount of \$29,056, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government wide statements governmental activities. Governmental activities capitalized leased assets are reflected net of accumulated depreciation in the amount of \$17,434. Principal payments towards capital leases during 2012 totaled \$9,082 for governmental activities.

City of St. Clairsville
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For the Year Ended December 31, 2012

Future minimum lease payments through 2013 are as follows:

Year	Governmental Activities	
	Principal	Interest
2013	\$9,673	\$628

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the City during the year ended December 31, 2012 consisted of the following:

	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012	Due Within One Year
<u>Governmental Activities:</u>					
<i>General Obligation Bonds</i>					
<i>Various Purpose - 2007 \$6,995,000</i>					
Road Equipment - Serial/Term Bonds					
\$35,000 @ 4.0% to 5.50%	\$30,000	\$0	\$5,000	\$25,000	\$5,000
Recreational Facilities - Serial/Term Bonds					
\$70,000 @ 4.0%	30,000	0	15,000	15,000	15,000
\$75,000 @ 4.0% to 5.0%	75,000	0	0	75,000	0
Bike Trail - Serial/Term Bonds					
\$135,000 @ 4.0%	30,000	0	30,000	0	0
Total General Obligation Bonds	165,000	0	50,000	115,000	20,000
<i>Long Term Notes Payable</i>					
Recreation, 2005 - \$1,000,000 @ 4.36%	784,311	0	41,693	742,618	43,530
<i>OPWC Loans</i>					
Bett-Mar (CR10L)					
2008 - \$116,589 @ 0%	102,015	0	5,829	96,186	5,829
St. Clairsville Road Project (CR25M)					
2010 - \$98,372 @ 0%	93,454	0	4,919	88,535	4,919
Resurfacing 22 Roads (CR03N)					
2011 - \$76,320 @ 0%	76,320	0	3,816	72,504	3,816
Total OPWC Loans	271,789	0	14,564	257,225	14,564
Capital Leases	18,755	0	9,082	9,673	9,673
Compensated Absences	102,505	113,331	28,117	187,719	4,025
Total Governmental Activities	\$1,342,360	\$113,331	\$143,456	\$1,312,235	\$91,792

City of St. Clairsville
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For the Year Ended December 31, 2012

	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012	Due Within One Year
<u>Business Type Activities</u>					
<i>General Obligation Bonds</i>					
<i>Various Purpose - 2007 \$6,995,000</i>					
Various Water System Improvements					
\$255,000 @ 4.0% to 5.50%	\$240,000	\$0	\$5,000	\$235,000	\$5,000
Premium - \$8,123	6,823	0	325	6,498	0
Various Sewer System Improvements					
\$410,000 @ 4.0% to 5.50%	275,000	0	20,000	255,000	20,000
Premium - \$14,176	8,504	0	1,418	7,086	0
Various Light System Improvements					
\$6,015,000 @ 4.0% to 5.50%	5,465,000	0	165,000	5,300,000	175,000
Premium - \$143,952	118,736	0	6,304	112,432	0
Total General Obligation Bonds	<u>6,114,063</u>	<u>0</u>	<u>198,047</u>	<u>5,916,016</u>	<u>200,000</u>
<i>OPWC Loans</i>					
Belmont Drive Pump Station Replacement (CR20H)					
2007 - \$73,774 @ 0.02%	59,636	0	3,317	56,319	3,384
East Main Force Liner (CR23F)					
2004 - \$214,890 @ 0.02%	144,132	0	10,257	133,875	10,464
Wastewater System Repairs (CR13E)					
2004 - \$133,216 @ 0.02%	92,485	0	6,295	86,190	6,423
Water Transmission Connection (CR05H)					
2006 - \$52,875 @ 0.02%	40,364	0	2,426	37,938	2,474
Total OPWC Loans	<u>336,617</u>	<u>0</u>	<u>22,295</u>	<u>314,322</u>	<u>22,745</u>
<i>USDA Rural Development Loan</i>					
Joint Sewer Project					
1993 - \$146,600 @ 6.125%	115,960	0	2,859	113,101	3,005
<i>Compensated Absences</i>	46,792	72,340	26,888	92,244	1,979
Total Business Type Activities	<u>\$6,613,432</u>	<u>\$72,340</u>	<u>\$250,089</u>	<u>\$6,435,683</u>	<u>\$227,729</u>

Governmental Activities

2007 Various Purpose General Obligation Bonds - On April 26, 1997 the City issued \$6,995,000 of general obligation bonds which included serial and term bonds in the amount of \$5,025,000 and \$1,970,000, respectively. The bonds were issued for a twenty-five year period with final maturity at December 1, 2032. During 2012, the City made the scheduled debt service payments of \$240,000 for governmental and business type activities in the amounts of \$50,000 and \$190,000, respectively. A breakdown of the business-type portion of this bond issue is addressed below in the business type activity portion of this note.

Principal and interest requirements to retire the governmental activities portion of the 2007 Various Purpose Bonds outstanding at December 31, 2012 are as follows:

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

Year Ending December 31,	Serial and Term Bonds		
	Principal	Interest	Total
2013	\$20,000	\$5,100	\$25,100
2014	5,000	4,300	9,300
2015	5,000	4,050	9,050
2016	5,000	3,800	8,800
2017	5,000	3,550	8,550
2018-2022	25,000	14,575	39,575
2023-2027	25,000	9,292	34,292
2028-2032	25,000	3,750	28,750
Total	\$115,000	\$48,417	\$163,417

Long-Term Notes Payable – In 2005 the City issued a long-term note in the amount of \$1,000,000 for the purpose of acquiring property from the Belmont County Agricultural Society. The long-term note will be paid with recreation fees and general revenues. As of December 31, 2012, \$742,618 remains outstanding. The note has a fixed interest rate of 4.36 percent and is backed by the full faith and credit of the City.

Principal and interest requirements to retire the Long-Term Note outstanding at December 31, 2012 are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$43,530	\$31,909	\$75,439
2014	45,449	29,990	75,439
2015	47,452	27,987	75,439
2016	49,544	25,896	75,440
2017	51,727	23,712	75,439
2018-2022	294,910	82,284	377,194
2023-2027	210,006	16,321	226,327
Total	\$742,618	\$238,099	\$980,717

OPWC Loans – The City has entered into OPWC Loans for various road projects. These loans will be paid with gasoline and motor vehicle license tax money. These OPWC Loans are interest free.

The OPWC loan debt service requirements to maturity are as follows:

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Year Ending December 31,	Principal
2013	\$14,564
2014	14,564
2015	14,564
2016	14,564
2017	14,564
2018-2022	72,820
2023-2027	72,820
2028-2032	38,765
	<u>\$257,225</u>

Business Type Activities

2007 Various Purpose General Obligation Bonds - On April 26, 1997 the city issued \$6,995,000 of general obligation bonds which included serial and term bonds in the amount of \$5,025,000 and \$1,970,000, respectively. The bonds were issued for a twenty-five year period with final maturity at December 1, 2032. The bonds were issued with a premium of \$166,251, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for year 2012 was \$8,047. During 2012, the City made the scheduled debt service payments of \$240,000 for governmental and business type activities in the amounts of \$50,000 and \$190,000, respectively.

Principal and interest requirements to retire the business type activities portion of the 2007 Various Purpose Bonds outstanding at December 31, 2012 are as follows:

Year Ending December 31,	<u>Serial and Term Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$200,000	\$257,493	\$457,493
2014	235,000	249,492	484,492
2015	240,000	237,743	477,743
2016	250,000	225,742	475,742
2017	265,000	213,243	478,243
2018-2022	1,560,000	874,537	2,434,537
2023-2027	1,755,000	530,947	2,285,947
2028-2032	1,285,000	199,750	1,484,750
Total	<u>\$5,790,000</u>	<u>\$2,788,947</u>	<u>\$8,578,947</u>

OPWC Loans – The City has entered into OPWC Loans for various wastewater and water system projects. The OPWC loans will be paid from revenues derived from charges for services in the enterprise funds. These OPWC loans have a 0.02 percent interest rate.

City of St. Clairsville
Notes to the Basic Financial Statements
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The OPWC loan debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$22,745	\$6,172	\$28,917
2014	23,202	5,715	28,917
2015	23,669	5,248	28,917
2016	24,144	4,773	28,917
2017	24,630	4,287	28,917
2018-2022	130,774	13,811	144,585
2023-2027	65,158	2,197	67,355
	<u>\$314,322</u>	<u>\$42,203</u>	<u>\$356,525</u>

USDA Rural Development Loan – The City and Belmont County are jointly obligated for the USDA Rural Development Loan for Water Works System #3, Phase I Project. At December 31, 2012, the total USDA Rural Development Loan outstanding was \$1,543,000 with the City’s share being 7.33 percent or \$113,101.

Principal and interest requirements to retire the City’s portion of the USDA Rural Development Loan outstanding at December 31, 2012 are as follows:

Year Ending December 31,	Principal	Interest	Total
2013	\$3,005	\$6,928	\$9,933
2014	3,225	6,748	9,973
2015	3,445	6,546	9,991
2016	3,592	6,335	9,927
2017	3,812	6,115	9,927
2018-2022	23,163	26,739	49,902
2023-2027	31,007	18,744	49,751
2028-2032	41,852	7,997	49,849
Total	<u>\$113,101</u>	<u>\$86,152</u>	<u>\$199,253</u>

As of December 31, 2012, the City’s overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$10,950,453, with an unvoted debt margin of \$5,735,952.

The outstanding debt is ultimately secured by the City’s ability to levy, and its pledge to levy, an ad valorem tax on all the taxable property in the City within the ten-mill limitation in sufficient amount to pay, as the same become due, the debt service on the debt as well as the debt service on all other outstanding unvoted general obligation bonds and bond anticipation notes of the City.

Capital leases will be paid from the Police Special Revenue Fund. Compensated absences will be paid from the fund from which the employees’ salaries are paid.

City of St. Clairsville
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Bond Insurance - On November 19, 2012, MBIA Insurance Corporation, the bond insurer for the 2007 Various Purpose General Obligation Bonds, was downgraded by Moody's Investor Services from B3 to Caa2. See Subsequent Event Note 20 for further details. This downgrade comes after Moody's had previously downgraded MBIA Insurance Corporation from Baa1 to B3.

The downgrade of a bond insurer may not, in and by itself, create an immediate default under the bond indentures or other bond documents or cause any reallocation of rights or responsibilities among parties; however, it will likely have an adverse effect on the value of the bonds as they are traded in the secondary market.

NOTE 17 - INTERFUND ACTIVITY

A. Interfund Balances

Interfund balances at December 31, 2012 consisted of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>				<u>Total</u>
	<u>Major Funds</u>				
	<u>General</u>	<u>Permanent Improvement</u>	<u>Water</u>	<u>Light</u>	
Major Funds:					
General	\$0	\$113,229	\$0	\$100,000	\$213,229
Police	6,047	0	0	0	6,047
Permanent Improvement	0	0	0	150,000	150,000
Water	0	0	0	0	0
Sewer	0	0	9,962	0	9,962
Total	\$6,047	\$113,229	\$9,962	\$250,000	\$379,238

The loan from the General Fund to the Police Special Revenue Fund was made to cover a cash deficit at December 31, 2012. The receivable in the Water Fund from the Sewer Fund is the result of the Water Fund making a debt service payment for the Sewer Fund. In prior years the Light fund loaned money to the General Fund and Permanent Improvement Capital Projects Fund to eliminate negative cash balances at year end. The Permanent Improvement Fund is due money from the General Fund for expenses paid out of the Permanent Improvement Fund for the CIC. The expenses related to the loan made to the CIC.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2012, consisted of the following:

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Transfers Out	Transfers In			Total
	Police	Water	Other Non-Major Governmental Funds	
Major Funds:				
General	\$253,742	\$0	\$497,875	\$751,617
Police	0	0	10,301	10,301
Sewer	0	158,000	0	158,000
Light	0	105,000	0	105,000
Other Non-Major				
Governmental Funds	0	0	115,903	115,903
	\$253,742	\$263,000	\$624,079	\$1,140,821

The transfers from the General Fund to the Police and Other Non-Major Governmental funds were made to provide additional operating resources. The transfer from the General Fund to the Other Non-Major Governmental Funds was the result of an outstanding advance that was made a permanent transfer. Additional transfers from the General Fund, Police Special Revenue Fund, and the Other Non-Major Governmental Funds were made to Other Non-Major Governmental Funds for annual debt service payments on outstanding long-term obligations. The transfers from the Sewer and Light funds to the Water fund were the result of outstanding advances, from prior years, that were made permanent transfers.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Mid-Eastern Governments Association (OMEGA)

The Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas Counties. OMEGA was formed to aid and assist the participating counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The mayor of the City of St. Clairsville serves as the City's representative on the board. The board has total control over budgeting, personnel, and financial matters. Each member currently pays a thirteen cent per capita membership fee based upon the most recent U.S. census. During 2012, OMEGA received \$674 from the City. The continued existence of OMEGA is not dependent on the City's continued participation and no equity interest exists. OMEGA has no outstanding debt. Financial information can be obtained from the Ohio Mid-Eastern Governments Association, Cambridge, Ohio.

B. Bel-O-Mar Regional Council

Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which four members are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the City of St. Clairsville serves as the City's representative on the board.

City of St. Clairsville
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The Council is not dependent upon the City for its continued existence, no debt exists, and the City does not have an equity interest in or a financial responsibility for the Council. During 2012, the City made no contributions to Bel-O-Mar Regional Council.

C. Southeastern Ohio Narcotics Task Force (SENT)

Southeastern Ohio Narcotics Task Force (SENT) is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Belmont, Carroll, Guernsey, Harrison, Monroe, and Tuscarawas Counties. It is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match 25 percent. Of the 32 members, the Police Chief of the City of St. Clairsville acts as the City's representative on the board. Each member's control over the operation of SENT is limited to its representation on the board. During 2012, the City made no contribution to SENT.

D. Memorial Park District of the City of St. Clairsville and Richland Township

The Memorial Park District was created by a resolution of both the City of St. Clairsville and Richland Township under the authority of Ohio Revised Code Section 1545. The Park District is operated by a five member board. Two members are appointed by St. Clairsville City Council, two members are appointed by Richland Township Trustees, and one member is appointed by the Belmont County probate court judge. The Memorial Park District hires and fires its own staff and does not rely on the City to finance deficits. The City is not financially accountable for the Park District nor is the Park District financially dependent on the City. The Park District serves as its own budgeting, taxing and debt issuance authority.

E. Cumberland Trail Fire District

The Cumberland Trail Fire District was created by a resolution of both the City of St. Clairsville and Richland Township under the authority of Ohio Revised Code Section 505.371. The Fire District is operated by a four member board. One member is appointed by the City, one member is appointed by Richland Township, and the remaining two members are appointed by the existing board members. The Cumberland Trail Fire District hires and fires its own staff and does not rely on the City to finance deficits. The City is not financially accountable for the Fire District nor is the Fire District financially dependent on the City. The Fire District serves as its own budgeting, taxing and debt issuance authority.

NOTE 19 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2012.

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

B. Litigation

The City is currently party to pending litigation. It is not possible at this time to make a judgment as to whether there is a reasonable possibility of an unfavorable outcome which could result in a material judgment against the City.

NOTE 20 - SUBSEQUENT EVENTS

A. Contract Negotiations

As of the date of this report, the City is in contract negotiations with police department employees represented by the Fraternal Order of Police (FOP). The police force represented by the FOP is currently working under an extension of the previous contract which expired on October 15, 2013.

B. Bond Insurance

On May 21, 2013, MBIA Insurance Corporation, the bond insurer for the 2007 Various Purpose General Obligation Bonds, was upgraded by Moody's Investor Services from Caa2 to B3. On December 19, 2013, a credit opinion was issued by Moody's Investor Services, for MBIA Insurance Corporation, at B3, which represents no change from the previous action.

C. Paving Project

On July 1, 2013, the City was approved for \$484,310 of Ohio Public Works Commission (OPWC) funding to resurface streets within the City. The OPWC funding comes in the form of a grant in the amount of \$314,147, and a loan in the amount of \$170,163. The loan, which is interest free, is for a period of fifteen years. The funding from OPWC is subject to a local match from the City up to \$170,163. Belmont County has contributed \$54,132 to offset a portion of the City's local match.

D. Water Meter Project

On August 5, 2013, City Council approved a resolution directing the Mayor to enter into a master purchase agreement with Cooper Power Systems in regards to the implementation of an automated metering infrastructure system for the City. The agreement with Cooper Power Systems is for \$1,084,394. In addition to the agreement with Cooper Power Systems, the City has entered into other contracts and acquired additional equipment to further facilitate the automated metering infrastructure system, which brings the total cost of the project to approximately \$1,435,504.

E. Electric Rate Increase

On August 9, 2013, the City Council approved an ordinance to increase electric service rates for customers effective September 1, 2013. The following table summarizes the increases in single phase rates for residential and commercial property from those previously in effect.

City of St. Clairsville
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	Property Type	Service Charge	Energy Charge (per Hour)		
			First 1,000 Kilowatts	Over 1,000 Kilowatts	Over 5,000 Kilowatts
Rates Effective on 9/1/2013	Residential	\$3.00	\$0.095/kWh	\$0.095/kWh	N/A
	Commercial	\$15.00	\$0.110/kWh	\$0.095/kWh	\$5.00/kWh
Rates Effective Prior to 9/1/2013	Residential	\$1.50	\$0.058/kWh	\$0.049/kWh	N/A
	Commercial	\$17.50	\$0.060/kWh	\$0.045/kWh	\$3.00/kWh

F. Component Unit Sale of Asset

On September 15, 2013, the Clarendon, LLC, a limited liability corporation established by and controlled by the Community Improvement Corporation (CIC), sold its 100 percent interest in the property known as the “Clarendon Hotel” to the Historic Clarendon, LLC, for a development project. The property was reported as an asset held for resale by the CIC as of December 31, 2012. As part of the master development agreement, the Historic Clarendon, LLC will repay the City for the outstanding obligations associated with the property. The repayment agreement is subject to various contingencies associated with the development project.

F. Tax Levy

On November 5, 2013 the Council placed a 1.95 mill five-year police operating levy on the ballot, which was approved by the voters of the City. The levy is effective for tax year 2013 with collections first due in calendar year 2014.

NOTE 21 - RELATED PARTY TRANSACTION

During 2008 the City entered into a loan agreement with the Community Improvement Corporation (CIC), a Component Unit of the City, to provide resources for current operations, in the amount of \$9,000, with a two percent interest rate and was to be repaid over a five year period. During 2010, the City loaned an additional \$301,550 to the CIC. Repayment of all outstanding loans is contingent upon the CIC’s sale of assets held for resale. There is no amortization schedule for the new loan due to the contingency of the sale of the building.

Changes in the loan obligation of the CIC during the year ended December 31, 2012 is as follows:

Principal Balance 12/31/11	\$308,711
Additions	0
Reductions	0
Principal Balance 12/31/12	<u>\$308,711</u>

City of St. Clairsville
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 22 - COMPONENT UNIT

A. Reporting Entity

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

B. Significant Accounting Policies and Disclosures for the CIC

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the CIC’s accounting policies are described as follows.

Cash The CIC had cash on deposit of \$900 at December 31, 2012. The balance is insured by FDIC.

Assets Held for Resale As part of the economic development program, the CIC has acquired the property known as the Clarendon Hotel from the City. This property is intended to be sold to promote economic development within the City.

Loans Payable During 2008 the CIC entered into a loan agreement with the City, to provide resources for current operations, in the amount of \$9,000, with a two percent interest rate and was to be repaid over a five year period. During 2010, the City loaned an additional \$301,550 to the CIC. Repayment of all outstanding loans is contingent upon the CIC’s sale of assets held for resale. There is no amortization schedule for the new loan due to the contingency of the sale of the building.

Changes in the loan obligation of the CIC during the year ended December 31, 2011 is as follows:

Principal Balance 12/31/11	\$308,711
Additions	0
Reductions	0
Principal Balance 12/31/12	<u>\$308,711</u>

C. Subsequent Event

Sale of Asset On September 15, 2013, the Clarendon, LLC, a limited liability corporation established by and controlled by the CIC, sold its 100 percent interest in the property known as the “Clarendon Hotel” to the Historic Clarendon, LLC, for a development project. The property was reported as an asset held for resale by the CIC as of December 31, 2012. As part of the master development agreement, the Historic Clarendon, LLC will repay the City for the outstanding obligations associated with the property. The repayment agreement is subject to various contingencies associated with the development project.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 7, 2014, wherein we noted the City adopted Governmental Accounting Standards Board Statement Nos. 63 and 65.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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. We consider findings 2012-003 and 2012-004 described in the accompanying Schedule of Findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2012-001 and 2012-002.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

April 7, 2014

CITY OF ST. CLAIRSVILLE
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2012

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

FINDING NUMBER 2012-001

Finding for Adjustment

Ohio Rev. Code § 5705.10(C) states all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

The City recorded the February and August real estate taxes as intergovernmental revenue in the amount of \$27,098 to the Police Fund instead of property taxes to the Police Pension Fund.

In accordance with the foregoing facts, we hereby issue a finding for adjustment in the amount of \$27,098 against the Police Fund and in favor of the Police Pension Fund.

We recommend the City utilize available authoritative resources, specifically the Statement of Semiannual Apportionment of Taxes obtained from the County Auditor, to appropriately classify property tax receipt transactions.

Officials' Response: The Utility Director / Assistant Finance Director complete all of the direct deposit postings taken from the monthly bank statements. She has not worked in the budgetary part of the finance office in the past and most likely did not know in 2012 the difference in the Police fund vs. Police Pension funds. The current finance director has taken steps to dissolve the Police Pension Fund due to the fact that the fund is no longer being needed. These posting errors will not occur in the future.

FINDING NUMBER 2012-002

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code:

Then and Now Certificate – If the fiscal officer can certify that both at the time the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000, may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

CITY OF ST. CLAIRSVILLE
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2012
(Continued)

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

FINDING NUMBER 2012-002 (Continued)

Noncompliance – Ohio Rev. Code § 5705.41(D)(1) (Continued)

Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

For 27% of the transactions tested, the City did not properly obtain the certification of available funds prior to incurring the obligation, and there was no evidence of a “Then and Now” certificate being utilized.

Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend the Finance Director certify that funds are or will be available prior to obligations being incurred by the City. When prior certification is not possible, “then and now” certificates should be used.

We recommend the City certify purchases to which Ohio Rev. Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Finance Director should sign the certification prior to the City incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. The Finance Director should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials’ Response: Software Solutions does not provide the ability for any type of purchase order other than a normal purchase order. The current finance director has taken the necessary steps to mark each purchase order with a “T/N” (Then and Now) if the purchase was not covered at the time of purchase with a purchase order. The current finance director has also issued a memo to all department heads that if in the future this practice continues that each individual making the purchases will be responsible for paying for the purchase personally. Also, any purchase order requested over \$1,000 in total if questionable, is discussed with either the Mayor or Director of Public Safety prior to issuing the purchase order. The Mayor reviews and approves all purchase orders.

CITY OF ST. CLAIRSVILLE
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2012
(Continued)

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

FINDING NUMBER 2012-003

Material Weakness

All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices.

When designing the public office's system of internal control and the specific control activities, management should consider verifying the existence and valuation of assets and periodically (at least monthly) reconcile them to the accounting records.

During 2012, the Finance Director did not perform monthly bank reconciliations for the entire year. The City hired an IPA firm to perform the monthly bank reconciliations for the year which resulted in an unreconciled balance of approximately \$114,450 at the end of December 2012. As the total of all bank accounts after adjustments exceeded total fund balances per the "Statement of Cash Position" report, this unreconciled balance was posted as "Other" revenue in the General Fund and is reflected in the accompanying financial statements and was posted to the accounting records by the Finance Director.

The Finance Director should reconcile the bank statements to the books on a monthly basis. Any unidentified items found during this reconciliation process should be investigated in a timely manner. As part of this process, someone other than the preparer should review and approve the monthly cash reconciliation.

Without promptly reconciling, identifying, and correcting the un-reconciled items, the City experienced a cumbersome and costly reconciliation process and increased the risk of errors and irregularities occurring without being detected.

We recommend the Finance Director perform monthly bank reconciliations, investigate the unidentified reconciling items, and make the necessary adjustments to the books in a more timely. We also recommend the monthly bank reconciliation be reviewed by someone independent of the City Finance Director (i.e., finance committee member) and indicate such by signing and/or initialing and dating the reconciliations.

Officials' Response: The finance director in 2011 did not complete the fiscal year ending reconciliation. Therefore, upon hire in April of 2012 the new finance director was not afforded reconciled books. The firm of REA and Associates were contracted with to complete the bank reconciliations of December 2011 through July 2012. This was not completed in the timely fashion to afford the new finance director the July through December of 2012 reconciliations. In October/November of 2012 a new contract was signed to allow REA and Associates to complete the entire year of 2012's bank reconciliations. This did not occur until mid-2013. As a result of REA's paperwork, revenue and expenditure adjustments were made in December of 2013 in attempts of balancing of the books.

The new VIP Software has a bank reconciliation feature that will be used on a monthly basis once installed. Currently the SSI software does not have such feature. The 2013 bank reconciliations are being completed manually by the finance director's intern. They are expected to be completed in the near future. The manner in which the bank reconciliations are currently being done is extremely labor intensive and the current finance director does not have a staff member nor the necessary time needed to perform said duties.

**CITY OF ST. CLAIRSVILLE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012
(Continued)**

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

FINDING NUMBER 2012-004

Material Weakness

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. The City's Chart of Accounts provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the City with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The City's receipts were not always posted into accurate classifications. In addition, there were several adjustments necessary to properly reflect activity on the City's books to reconcile cash to the bank balances. The following misclassifications and adjustments were noted:

- Homestead and rollback receipts in the amount of \$18,313 were posted as Property Taxes within the General Fund instead of Intergovernmental receipts.
- Homestead and rollback receipts in the amount of \$38,812 were posted as Property Taxes within the Police Fund instead of Intergovernmental receipts.
- January 2012 motor vehicle registration fees in the amount of \$2,724 were not posted to the Street Fund and the March 2012 motor vehicle registration fees in the amount of \$2,988 were posted to the Street Fund twice.
- December 2011 Gasoline Excise Taxes of \$11,868 were not posted to the Street Fund and the Highway Fund in the amount of \$10,978 and \$890, respectively.
- January 2012 State & Local Government Highway Distribution Taxes of \$6,136 were not posted to the Street Fund and the Highway Fund in the amount of \$5,676 and \$460, respectively.
- December 2012 Gasoline Excise Taxes of \$11,275 were not posted to the Street Fund and the Highway Fund in the amount of \$10,429 and \$846, respectively.
- Federal Emergency Management Agency (FEMA) monies of \$734 were not posted to the FEMA Fund.
- February 2012 Local Government receipts in the amount of \$9,434 were posted to the General Fund twice.

All the reclassifications and adjustments noted above were agreed to by City officials' and are reflected within the accompanying financial statements. The adjustments were also posted to the City's accounting system.

We also noted below reclassifications/adjustments that are not reflected in the accompanying financial statements or posted to the City's accounting system:

- Local Government Tangible Personal Property Tax Reimbursement in the amount of \$7,997 was posted to Property Taxes instead of Intergovernmental within the General Fund.

CITY OF ST. CLAIRSVILLE
BELMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2012
(Continued)

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

FINDING NUMBER 2012-004 (Continued)

Material Weakness (Continued)

- The January, February, March and December 2012 inside Kilowatt Tax in the amount of \$69,035 should be posted as a reduction of a receipt to the Light Fund - Kilowatt Taxes line item account. This amount was properly posted as a receipt to the General Fund but the City did not reflect the reduction of the receipt in the Light Fund; therefore the Light Fund balance is overstated.

We recommend the City utilize available authoritative resources to appropriately classify receipt transactions. We also recommend the City perform monthly bank reconciliations which would help ensure the City identify posting errors in a more timely manner.

Officials' Response: These posting inaccuracies are a result of having four finance directors in the course of a four month period. Most all of the listed posting errors have been corrected and cash adjustments performed in December of 2013.

**CITY OF ST. CLAIRSVILLE
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Rev. Code Section 5705.10(H), deficit fund balances exist at year-end and throughout the year in several funds.	No	Partially Corrected; Reissued in Management Letter.
2011-02	Ohio Rev. Code Section 5705.39, the Water Fund had appropriations exceeding estimated resources at December 31, 2011.	No	Partially Corrected; Reissued in Management Letter.
2011-03	Significant Deficiency – Appropriations and Estimated Receipts not always accurately posted to the accounting system.	Yes	



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CITY OF ST. CLAIRSVILLE

BELMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 22, 2014**