CITY OF ST. CLAIRSVILLE
BELMONT COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED
DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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City Council
City of St. Clairsville
100 North Market Street
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the City of St. Clairsville, Belmont County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

July 25, 2019

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CITY OF ST. CLAIRSVILLE
BELMONT COUNTY, OHIO

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Julian & Grube, Inc.
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Independent Auditor's Report

City of St. Clairsville
Belmont County
100 North Market Street
St. Clairsville, Ohio 43950

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the City of St. Clairsville'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 of St. Clairsville'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 of St. Clairsville's internal control. Accordingly, we express no such 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, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio, as of December 31, 2018, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Police and Street 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 discussed in Note 3 to the financial statements, during 2018, the City of St. Clairsville adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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* and schedules of net pension and other postemployment benefit liabilities and pension and other postemployment benefit contributions, 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 June 14, 2019, on our consideration of the City of St. Clairsville'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 of St. Clairsville's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 14, 2019

The discussion and analysis of the City of St. Clairsville's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2018. 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 2018 are as follows:

- In total, net position increased $1,995,612.
- General revenues for governmental activities accounted for $2,893,400 or approximately 76 percent of total revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for $898,882 or approximately 24 percent of total revenues in the amount of $3,792,282.
- Total assets of governmental activities increased $2,412 as increases in current assets offset decreases in capital assets. Total liabilities of governmental activities decreased $177,670, primarily due to decreases in long-term liabilities.
- The City had $3,833,711 in expenses related to governmental activities; only $898,882 of which was offset by program specific charges for services, and operating grants, contributions and interest. General revenues in the amount of $2,893,400 were not adequate to provide for these programs.
- Total governmental funds had $3,750,079 in revenues and $3,626,622 in expenses. Overall, including other financing sources and uses, total governmental fund balance increased $159,444.

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.

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 2018?" 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. Included with the governmental activities of the City is the Community Improvement Corporation, a legally separate entity, presented as a blended component unit in accordance with GASB Statement Numbers. 14, 39, and 61.
>
> 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.

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

Fund Financial Statements

Fund financial statements begin on page 18. 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 of St Clairsville's major funds are the General Fund, Police, and Street 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. 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.

Analyzing 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 2018 compared to 2017:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	$5,533,723	$5,377,927	$6,873,423	$4,583,759	$12,407,146	$9,961,686
Capital Assets, Net	11,050,932	11,204,316	17,999,603	18,491,939	29,050,535	29,696,255
Total Assets	16,584,655	16,582,243	24,873,026	23,075,698	41,457,681	39,657,941
Deferred Outflows of Resources						
Deferred Charge on Refunding	4,164	4,461	150,909	164,251	155,073	168,712
Pension	438,731	691,358	289,405	704,930	728,136	1,396,288
OPEB	213,759	8,747	60,563	9,849	274,322	18,596
Total Deferred Outflows of Resources	656,654	704,566	500,877	879,030	1,157,531	1,583,596
Liabilities						
Current Liabilities	38,683	57,830	951,109	1,043,203	989,792	1,101,033
Long-Term Liabilities						
Due within One Year	64,560	50,808	425,427	399,179	489,987	449,987
Due in More Than One Year:						
Net Pension Liability	2,040,398	2,405,502	1,268,353	1,871,142	3,308,751	4,276,644
Net OPEB Liability	1,669,415	1,422,233	821,393	807,119	2,490,808	2,229,352
Other Amounts	396,345	450,698	6,013,690	6,465,131	6,410,035	6,915,829
Total Liabilities	4,209,401	4,387,071	9,479,972	10,585,774	13,689,373	14,972,845
Deferred Inflows of Resources						
Property Taxes	982,335	1,006,265	0	0	982,335	1,006,265
Payment in Lieu of Taxes	236,897	236,897	0	0	236,897	236,897
Pension	311,612	83,256	325,271	41,909	636,883	125,165
OPEB	83,380	0	90,367	0	173,747	0
Total Deferred Inflows of Resources	1,614,224	1,326,418	415,638	41,909	2,029,862	1,368,327
Net Position						
Net Investment in Capital Assets	10,724,129	10,864,997	11,781,840	11,865,065	22,505,969	22,730,062
Restricted	2,873,078	2,554,769	105,648	90,110	2,978,726	2,644,879
Unrestricted (Deficit)	(2,179,523)	(1,846,446)	3,590,805	1,371,870	1,411,282	(474,576)
Total Net Position	$11,417,684	$11,573,320	$15,478,293	$13,327,045	$26,895,977	$24,900,365

The net pension liability (NPL) is one of the largest liabilities reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension/OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability (asset) to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position of governmental activities at December 31, 2017, from $12,986,806 to $11,573,320, and net position of business-type activities at December 31, 2017, from $14,124,315 to $13,327,045.

Total assets of governmental activities increased $2,412. Current and other assets increased $155,796 primarily due to increases in cash and cash equivalents and income taxes receivable, primarily due to increases related to income tax revenue. Capital assets decreased $153,384 primarily due to annual depreciation of capital assets.

Overall, total liabilities of governmental activities decreased $177,670. Current liabilities decreased by $19,147, primarily due to a decrease in accounts payable. Long-term liabilities decreased $158,523 primarily due to an decrease in net pension liability. The net pension liability increase represents the City's proportionate share of the OPERS traditional plan's unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability. The decrease in net pension liability related to OPERS was offset by increases in the City's net OPEB liability.

Total assets of business-type activities increased $1,797,328. Current and other assets increased, in the amount of $2,289,664, primarily due to increases in cash and cash equivalents (in pooled and in segregated accounts), and accounts receivable as the City implemented rate increases for water and sewer services during 2018. Capital assets decreased $492,336, primarily due to annual depreciation expense exceeding capital asset additions.

Overall, total liabilities of business-type activities decreased $1,105,802. Current liabilities decreased by $92,094 primarily due to decreases in accounts payable. Long-term liabilities decreased by $1,013,708, primarily due to decreases in the net pension liability. The net pension liability decrease represents the City's proportionate share of the OPERS traditional plan's unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability. The decrease in net pension liability for the business-type activities was offset by increases in the net OPEB liability.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	$474,858	$287,586	$9,479,511	$8,043,107	$9,954,369	$8,330,693
Operating Grants,						
Contributions, and Interest	424,024	362,894	0	0	424,024	362,894
Capital Grants	0	0	388,656	22,520	388,656	22,520
Total Program Revenues	898,882	650,480	9,868,167	8,065,627	10,767,049	8,716,107
General Revenues:						
Property Taxes	997,899	992,828	0	0	997,899	992,828
Income Taxes	1,390,944	1,145,981	0	0	1,390,944	1,145,981
Kilowatt per Hour Taxes	196,931	186,442	0	0	196,931	186,442
Grants and Entitlements	177,168	166,835	0	0	177,168	166,835
Investment Earnings	36,237	27,037	0	0	36,237	27,037
Other	94,221	175,976	189,144	88,051	283,365	264,027
Total General Revenues	2,893,400	2,695,099	189,144	88,051	3,082,544	2,783,150
Total Revenues	3,792,282	3,345,579	10,057,311	8,153,678	13,849,593	11,499,257
Program Expenses						
General Government						
Legislative and Executive	610,625	624,441	0	0	610,625	624,441
Security of Persons and						
Property - Police	1,196,663	1,252,863	0	0	1,196,663	1,252,863
Public Health Services	29,392	31,185	0	0	29,392	31,185
Leisure Time Services	469,612	484,727	0	0	469,612	484,727
Community and						
Economic Development	6,834	6,344	0	0	6,834	6,344
Transportation	1,513,819	1,222,743	0	0	1,513,819	1,222,743
Interest and Fiscal Charges	6,766	3,265	0	0	6,766	3,265
Water	0	0	1,014,126	909,348	1,014,126	909,348
Sewer	0	0	1,168,790	1,368,668	1,168,790	1,368,668
Light	0	0	5,837,354	5,695,695	5,837,354	5,695,695
Total Expenses	3,833,711	3,625,568	8,020,270	7,973,711	11,853,981	11,599,279
Increase (Decrease)						
Before Transfers	(41,429)	(279,989)	2,037,041	179,967	1,995,612	(100,022)
Transfers	(114,207)	(129,253)	114,207	129,253	0	0
Change in Net Position	(155,636)	(409,242)	2,151,248	309,220	1,995,612	(100,022)
Net Position Beginning of Year	11,573,320	N/A	13,327,045	N/A	24,900,365	
Net Position End of Year	$11,417,684	$11,573,320	$15,478,293	$13,327,045	$26,895,977	$24,900,365

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 program expenses still include OPEB expense of $18,596 ($8,747 for governmental activities and $9,849 for business-type activities) computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $182,116 ($128,071 for governmental activities and $54,045 for business-type activities). Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	$3,833,711	$8,020,270
OPEB expense under GASB 75	128,071	54,045
2018 contractually required contribution	2,521	118
Adjusted 2018 program expenses	3,964,303	8,074,433
Total 2017 program expenses under GASB 45	3,625,568	7,973,711
Increase in program expenses not related to OPEB	$338,735	$100,722

Governmental Activities

Several revenue sources fund governmental activities, with the City income tax usually 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 approximately 63 percent of total revenue.

Charges for services increased $187,272 primarily due to oil and gas royalties. Operating grants, contributions, and interest increased by $61,130 for governmental activities as State resources for the Street Fund increased from the prior year.

Program expenses of governmental activities, not related to OPEB, increased $338,735 from 2017. The increase was primarily due to increases in transportation expense related to non-capitalized road maintenance and repairs. Transportation accounted for the largest share of governmental expenses for the City, approximately 40 percent.

Security of Persons and Property - Police accounted for the second largest share of governmental expenses for the City, approximately 31 percent in 2018. Leisure Time services accounted for 12 percent of governmental expenses in 2018.

Other program expenses for the City in 2018 were made up of general government – legislative and executive, community and economic development, and public health services, cumulatively accounted for approximately 17 percent

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

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General Government				
Legislative and Executive	$610,625	$624,441	$312,826	$447,410
Security of Persons and Property				
Police	1,196,663	1,252,863	1,019,644	1,137,675
Public Health Services	29,392	31,185	29,392	31,185
Leisure Time Services	469,612	484,727	440,132	417,885
Community and				
Economic Development	6,834	6,344	6,834	6,344
Transportation	1,513,819	1,222,743	1,119,235	931,324
Interest and Fiscal Charges	6,766	3,265	6,766	3,265
Total Expenses	$3,833,711	$3,625,568	$2,934,829	$2,975,088

For 2018 approximately 76 percent of expenses were supported through taxes and other general revenues.

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 $9,479,511 or approximately 94 percent of total business-type revenues. For business-type activities, capital grants and contributions increased $366,136, primarily due to the City recognizing an OPWC capital grant in 2018.

Analyzing the City of St. Clairsville's Funds

Information about the City's governmental funds begins on page 18. The City has four major governmental funds, the General Fund, the Police, and Street 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 $1,851,767 in revenues and $566,552 in expenditures. Overall, including other financing uses, the General Fund's balance increased $50,296 primarily due to increases in income tax revenue. The Police Fund had $705,018 in revenues and $1,088,040 in expenditures. Overall, including other financing sources, the Police Fund's balance increased $93,765, as the fund was less reliant on General Fund transfers to provide resources as it had in the prior year. The Street Fund had $463,734 in revenues and $627,281 in expenditures. Overall, including other financing sources, the Street Fund had an increase in fund balance of $137,680. Increases in spending on road projects throughout the City elevated the fund to major presentation for 2018. The Permanent Improvement Fund had $664,273 in revenues and $754,455 in expenditures, which resulted in the fund balance decrease of $90,182, as the fund made capital contributions to the proprietary funds in 2018.

Information about the proprietary funds starts on page 25. 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 $1,225,694, an increase from the prior year primarily due to rate increases, and operating expenses in the amount of $1,005,384. Overall, including non-operating expenses and capital contributions, the Water Fund's net position increased $714,431. The Sewer Fund had operating revenues in the amount of $1,184,485, an increase from the prior year primarily due to rate increases, and operating expenses in the amount of $1,110,155. Overall, including non-operating expenses, the Sewer Fund's net position increased $15,695. The Light Fund had operating revenues in the amount of $7,258,746, an increase from the prior year primarily due increases in usage for service provided to customers outside the corporation limits of the City, and operating expenses in the amount of $5,665,961. Overall, including non-operating expenses, the Light Fund's net position increased $1,421,122.

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 2018, the City did amended its General Fund budget and the budgetary statement reflects these changes for original and final budgeted amounts, although the amendments were not significant. The variance between final budget and actual operations reflected more revenue than estimated, coupled with actual spending in total being less than appropriated.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2018, the City's governmental and business-type activities had $29,050,535 in land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and vehicles, net of depreciation. Table 4 shows 2018 balances compared with 2017.

Table 4
Capital Assets Net of Depreciation

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$1,360,478	$1,360,478	$305,596	$305,596	$1,666,074	$1,666,074
Construction In Progress	14,200	0	139,756	450,580	153,956	450,580
Land Improvements	2,175,808	2,360,466	36,382	38,341	2,212,190	2,398,807
Buildings and Improvements	352,106	276,201	985,213	1,056,973	1,337,319	1,333,174
Machinery and Equiptment	442,752	142,723	765,946	790,328	1,208,698	933,051
Infrastructure	6,457,087	6,841,966	15,213,018	15,235,320	21,670,105	22,077,286
Vehicles	248,501	222,482	553,692	614,801	802,193	837,283
Total	$11,050,932	$11,204,316	$17,999,603	$18,491,939	$29,050,535	$29,696,255

See Note 9 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, 2018 was $6,710,752 with $489,987 due within one year. Table 5 summarizes outstanding debt.

Table 5
Outstanding Debt at Year End

	Governmental Activities		Business Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	$76,082	$81,516	$4,516,286	$4,829,710	$4,592,368	$4,911,226
OPWC Loans	219,516	238,400	170,808	195,933	390,324	434,333
OWDA Loans	0	0	1,692,510	1,777,370	1,692,510	1,777,370
Capital Leases	35,550	24,058	0	0	35,550	24,058
Total	$331,148	$343,974	$6,379,604	$6,803,013	$6,710,752	$7,146,987

Additional information concerning the City's debt and other long-term obligations, including net pension liability, compensated absences, and long-term intergovernmental payables can be found in Note 15.

Current Finance Related Issues

The City implemented a 0.75 percent income tax in 2011, 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.

City of St. Clairsville
Statement of Net Position
December 31, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities*	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$2,817,767	$4,461,138	$7,278,905
Cash and Cash Equivalents in Segregated Accounts	4,620	733,079	737,699
Accounts Receivable	27,028	859,524	886,552
Accrued Interest Receivable	3,150	0	3,150
Income Taxes Receivable	545,964	0	545,964
Intergovernmental Receivable	245,841	388,656	634,497
Property Taxes Receivable	989,395	0	989,395
Materials and Supplies Inventory	18,021	409,965	427,986
Prepaid Items	17,520	10,129	27,649
Revenue in Lieu of Taxes Receivable	236,897	0	236,897
Loans Receivable	594,384	0	594,384
Unamortized Bond Insurance Premium	181	10,932	11,113
Assets Held for Resale	32,955	0	32,955
Nondepreciable Capital Assets	1,374,678	445,352	1,820,030
Depreciable Capital Assets, Net	9,676,254	17,554,251	27,230,505
Total Assets	16,584,655	24,873,026	41,457,681
Deferred Outflows of Resources			
Deferred Charge on Refunding	4,164	150,909	155,073
Pension	438,731	289,405	728,136
OPEB	213,759	60,563	274,322
Total Deferred Outflows of Resources	656,654	500,877	1,157,531
Liabilities			
Accounts Payable	13,906	802,099	816,005
Accrued Wages and Benefits Payable	21,161	21,970	43,131
Intergovernmental Payable	0	1,091	1,091
Accrued Interest Payable	3,616	69,098	72,714
Refundable Deposits	0	56,851	56,851
Long-Term Liabilities:			
Due Within One Year	64,560	425,427	489,987
Due in More Than One Year:			
Net Pension Liability	2,040,398	1,268,353	3,308,751
Net OPEB Liability	1,669,415	821,393	2,490,808
Other Amounts	396,345	6,013,690	6,410,035
Total Liabilities	4,209,401	9,479,972	13,689,373
Deferred Inflows of Resources			
Property Taxes	982,335	0	982,335
Payment in Lieu of Taxes	236,897	0	236,897
Pension	311,612	325,271	636,883
OPEB	83,380	90,367	173,747
Total Deferred Inflows of Resources	1,614,224	415,638	2,029,862
Net Position			
Net Investment in Capital Assets	10,724,129	11,781,840	22,505,969
Restricted for:			
Debt Service	0	105,648	105,648
Capital Outlay	685,029	0	685,029
Community Development	877,797	0	877,797
Police Operations	541,410	0	541,410
Street	526,413	0	526,413
Recreation	212,488	0	212,488
Other Purposes	29,941	0	29,941
Unrestricted (Deficit)	(2,179,523)	3,590,805	1,411,282
Total Net Position	$11,417,684	$15,478,293	$26,895,977

* After deferred outflows and inflows related to the change in internal proportionate share of pension related items have been eliminated.

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Activities
For the Year Ended December 31, 2018

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
General Government				
Legislative and Executive	$610,625	$297,799	$0	$0
Security of Persons and Property - Police	1,196,663	100,571	76,448	0
Public Health Services	29,392	0	0	0
Leisure Time Services	469,612	29,480	0	0
Community and Economic Development	6,834	0	0	0
Transportation	1,513,819	47,008	347,576	0
Interest and Fiscal Charges	6,766	0	0	0
Total Governmental Activities	3,833,711	474,858	424,024	0
Business-Type Activities				
Water	1,014,126	1,200,420	0	388,656
Sewer	1,168,790	1,142,633	0	0
Light	5,837,354	7,136,458	0	0
Total Business-Type Activities	8,020,270	9,479,511	0	388,656
Total Primary Government	$11,853,981	$9,954,369	$424,024	$388,656

General Revenues
Property Taxes Levied for General Purposes
Property Taxes Levied for Police Operations
Income Taxes Levied for General Purposes
Income Taxes Levied for Capital Outlay
Kilowatt per Hour Tax Levied for General Purposes
Grants and Entitlements not Restricted to Specific Programs
Gifts and Donations
Investment Earnings
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year - Restated (Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
($312,826)	$0	($312,826)
(1,019,644)	0	(1,019,644)
(29,392)	0	(29,392)
(440,132)	0	(440,132)
(6,834)	0	(6,834)
(1,119,235)	0	(1,119,235)
(6,766)	0	(6,766)
(2,934,829)	0	(2,934,829)
0	574,950	574,950
0	(26,157)	(26,157)
0	1,299,104	1,299,104
0	1,847,897	1,847,897
(2,934,829)	1,847,897	(1,086,932)
477,041	0	477,041
520,858	0	520,858
695,472	0	695,472
695,472	0	695,472
196,931	0	196,931
177,168	0	177,168
11,328	0	11,328
36,237	0	36,237
82,893	189,144	272,037
2,893,400	189,144	3,082,544
(114,207)	114,207	0
2,779,193	303,351	3,082,544
(155,636)	2,151,248	1,995,612
11,573,320	13,327,045	24,900,365
$11,417,684	$15,478,293	$26,895,977

City of St. Clairsville
Balance Sheet
Governmental Funds
December 31, 2018

	General	Police	Street	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$755,148	$560,957	$401,735	$418,332	$670,567	$2,806,739
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	4,620	4,620
Accounts Receivable	27,028	0	0	0	0	27,028
Accrued Interest Receivable	2,632	0	518	0	0	3,150
Intergovernmental Receivable	85,542	35,701	124,598	0	0	245,841
Income Taxes Receivable	272,982	0	0	272,982	0	545,964
Prepaid Items	3,630	7,730	3,930	0	2,230	17,520
Materials and Supplies Inventory	0	4,246	13,775	0	0	18,021
Interfund Receivable	68,561	0	0	0	0	68,561
Property Taxes Receivable	478,954	510,441	0	0	0	989,395
Revenue in Lieu of Taxes Receivable	0	0	0	0	236,897	236,897
Loans Receivable	0	0	0	0	594,384	594,384
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	11,028	0	0	0	0	11,028
Assets Held for Resale	0	0	0	0	32,955	32,955
Total Assets	$1,705,505	$1,119,075	$544,556	$691,314	$1,541,653	$5,602,103
Liabilities						
Accounts Payable	$7,621	$0	$0	$6,285	$0	$13,906
Accrued Wages and Benefits Payable	1,714	11,502	5,733	0	2,212	21,161
Interfund Payable	0	0	0	0	68,561	68,561
Total Liabilities	9,335	11,502	5,733	6,285	70,773	103,628
Deferred Inflows of Resources						
Property Taxes	475,580	506,755	0	0	0	982,335
Payment in Lieu of Taxes	0	0	0	0	236,897	236,897
Unavailable Revenue	240,190	39,387	81,655	172,851	0	534,083
Total Deferred Inflows of Resources	715,770	546,142	81,655	172,851	236,897	1,753,315
Fund Balances						
Nonspendable:						
Materials and Supplies Inventory	0	4,246	13,775	0	0	18,021
Prepaid Items	3,630	7,730	3,930	0	2,230	17,520
Unclaimed Monies	11,028	0	0	0	0	11,028
Restricted for:						
Capital Outlay	0	0	0	512,178	0	512,178
Community Development	0	0	0	0	877,797	877,797
Police Operations	0	549,455	0	0	0	549,455
Street	0	0	439,463	0	0	439,463
Recreation	0	0	0	0	212,534	212,534
Other Purposes	0	0	0	0	18,913	18,913
Committed to:						
Capital Projects	0	0	0	0	158,115	158,115
Assigned to:						
Unassigned (Deficit)	965,742	0	0	0	(35,606)	930,136
Total Fund Balances	980,400	561,431	457,168	512,178	1,233,983	3,745,160
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$1,705,505	$1,119,075	$544,556	$691,314	$1,541,653	$5,602,103

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, 2018

Total Governmental Fund Balances		$3,745,160
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.		11,050,932
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	7,060	
Income Taxes	345,702	
Intergovernmental	181,321	
Total		534,083
Unamortized bond insurance premiums do not provide current financial resources, and therefore are not reported in the funds.		181
The unamortized portion of the difference on refunding represents deferred charges on refunding, which are not reported in the funds.		4,164
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(3,616)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General Obligation Bonds	70,000	
Bond Premium	6,082	
OPWC Loans Payable	219,516	
Capital Leases	35,550	
Compensated Absences	129,757	
Total		(460,905)
The net pension/OPEB liability is not due and payable in the current period; therefore the liabilites and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows - Pension	438,731	
Deferred Outflows - OPEB	213,759	
Net Pension Liability	(2,040,398)	
Net OPEB Liability	(1,669,415)	
Deferred Inflows - Pension	(311,612)	
Deferred Inflows - OPEB	(83,380)	
Total		(3,452,315)
Net Position of Governmental Activities		$11,417,684

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, 2018

	General	Police	Street	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$478,192	$522,350	$0	$0	$0	$1,000,542
Income Taxes	664,273	0	0	664,273	0	1,328,546
Kilowatt per Hour Taxes	196,931	0	0	0	0	196,931
Permissive Motor Vehicle License Taxes	0	0	47,008	0	0	47,008
Charges for Services	0	97,531	0	0	29,480	127,011
Licenses and Permits	108,794	0	0	0	3,040	111,834
Fines and Forfeitures	36,113	0	0	0	0	36,113
Intergovernmental	173,003	73,812	368,169	0	3,760	618,744
Interest	31,012	0	5,225	0	0	36,237
Oil and Gas Lease Bonus (Royalties)	152,892	0	0	0	0	152,892
Contributions and Donations	0	0	0	0	11,328	11,328
Other	10,557	11,325	43,332	0	17,679	82,893
Total Revenues	1,851,767	705,018	463,734	664,273	65,287	3,750,079
Expenditures						
Current:						
General Government:						
Legislative and Executive	526,418	0	0	25,749	0	552,167
Security of Persons and Property - Police	0	1,025,879	0	0	31	1,025,910
Public Health Services	26,647	0	0	0	0	26,647
Leisure Time Services	0	0	0	0	254,837	254,837
Community and Economic Development	13,487	0	0	0	0	13,487
Transportation	0	0	608,397	0	0	608,397
Capital Outlay	0	35,987	0	728,706	327,976	1,092,669
Debt Service:						
Principal Retirement	0	24,495	18,884	0	5,000	48,379
Interest and Fiscal Charges	0	1,679	0	0	2,450	4,129
Total Expenditures	566,552	1,088,040	627,281	754,455	590,294	3,626,622
Excess of Revenues Over (Under) Expenditures	1,285,215	(383,022)	(163,547)	(90,182)	(525,007)	123,457
Other Financing Sources (Uses)						
Inception of Capital Lease	0	35,987	0	0	0	35,987
Transfers In	0	440,800	301,227	0	500,342	1,242,369
Transfers Out	(1,234,919)	0	0	0	(7,450)	(1,242,369)
Total Other Financing Sources (Uses)	(1,234,919)	476,787	301,227	0	492,892	35,987
Net Change in Fund Balances	50,296	93,765	137,680	(90,182)	(32,115)	159,444
Fund Balances at Beginning of Year	930,104	467,666	319,488	602,360	1,266,098	3,585,716
Fund Balances at End of Year	$980,400	$561,431	$457,168	$512,178	$1,233,983	$3,745,160

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, 2018

Net Change in Fund Balances - Total Governmental Funds		$159,444
Amounts reported for governmental activities on the Statement of Activities are different because:		
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:		
Capital Asset Additions	804,726	
Depreciation	(953,276)	
Total		(148,550)
Governmental funds only report the disposal of assets of the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		(4,834)
Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Property Taxes	(2,643)	
Income Taxes	62,398	
Intergovernmental	(17,552)	
Total		42,203
Issuance of Debt is reported as other financing sources in the governmental funds, but the issuance increases long term liabilities on the statement of net position.		
Capital Lease		(35,987)
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	5,000	
OPWC Loans	18,884	
Capital Leases	24,495	
Total		48,379
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	(2,761)	
Amortization of Bond Premium	434	
Amortization of Bond Insurance Premium	(13)	
Amortization of Deferred amount on Refunding	(297)	
Total		(2,637)
Some expenses reported on the Statement of Activities such as compensated absences do not require the use of current financial resources, therefore are not reported as expenditures in governmental funds.		27,775
Contractually required contributions are reported as expenditures in the governmental fund; however the Statement of Net Position reports these amounts as deferred outflows or a reduction in net pension/OPEB liability.		
Pension	176,664	
OPEB	2,521	
Total		179,185
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability are reported as pension/OPEB expense in the Statement of Activities.		
Pension	(292,543)	
OPEB	(128,071)	
Total		(420,614)
Change in Net Position of Governmental Activities		($155,636)

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$500,000	$500,000	$478,192	($21,808)
Income Taxes	524,807	524,807	663,326	138,519
Kilowatt per Hour Taxes	185,000	185,000	196,931	11,931
Licenses and Permits	125,000	125,000	110,467	(14,533)
Fines and Forfeitures	0	0	36,113	36,113
Intergovernmental	145,600	145,600	173,177	27,577
Interest	0	0	28,381	28,381
Rent and Royalties	0	0	152,892	152,892
Other	0	0	10,557	10,557
Total Revenues	1,480,407	1,480,407	1,850,036	369,629
Expenditures				
Current:				
General Government:				
Legislative and Executive	844,000	851,884	525,879	326,005
Public Health Services	27,000	27,016	26,647	369
Community and Economic Development	14,900	14,900	13,433	1,467
Total Expenditures	885,900	893,800	565,959	327,841
Excess of Revenues Over Expenditures	594,507	586,607	1,284,077	41,788
Other Financing Uses				
Transfers Out	(1,300,000)	(1,292,100)	(1,234,919)	(57,181)
Net Change in Fund Balance	(705,493)	(705,493)	49,158	(15,393)
Fund Balance at Beginning of Year	717,018	717,018	717,018	0
Fund Balance at End of Year	$11,525	$11,525	$766,176	($15,393)

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$545,000	$545,000	$522,350	($22,650)
Charges for Services	51,000	51,000	97,531	46,531
Intergovernmental	0	0	73,812	73,812
Other	0	1,200	11,325	10,125
Total Revenues	596,000	597,200	705,018	107,818
Expenditures				
Current:				
Security of Persons and Property - Police	1,404,000	1,410,200	1,035,920	374,280
Debt Service:				
Principal Retirement	32,000	27,000	24,495	2,505
Interest and Fiscal Charges	1,500	1,500	1,679	(179)
Total Expenditures	1,437,500	1,438,700	1,062,094	376,606
Excess of Revenues Under Expenditures	(841,500)	(841,500)	(357,076)	(268,788)
Other Financing Sources				
Transfers In	364,267	364,267	440,800	(76,533)
Net Change in Fund Balance	(477,233)	(477,233)	83,724	(345,321)
Fund Balance at Beginning of Year	477,233	477,233	477,233	0
Fund Balance at End of Year	$0	$0	$560,957	($345,321)

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
Street Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Permissive Motor Vehicle License Tax	$0	$0	$49,785	$49,785
Intergovernmental	420,000	345,000	368,394	23,394
Interest	0	0	4,707	4,707
Other	0	38,780	43,332	4,552
Total Revenues	420,000	383,780	466,218	82,438
Expenditures				
Current:				
Transportation	639,600	777,966	610,366	167,600
Debt Service:				
Principal Retirement	18,500	18,884	18,884	0
Total Expenditures	658,100	796,850	629,250	167,600
Excess of Revenues Under Expenditures	(238,100)	(413,070)	(163,032)	(85,162)
Other Financing Sources (Uses)				
Transfers In	0	164,000	301,227	137,227
Net Change in Fund Balance	(238,100)	(249,070)	138,195	52,065
Fund Balance at Beginning of Year	263,540	263,540	263,540	0
Fund Balance at End of Year	$25,440	$14,470	$401,735	$52,065

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Water	Sewer	Light	Total Enterprise
Assets				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	$751,959	$552,220	$3,100,108	$4,404,287
Cash and Cash Equivalents in Segregated Accounts	99,444	95,183	538,452	733,079
Accounts Receivable	115,318	112,248	631,958	859,524
Intergovernmental Receivable	388,656	0	0	388,656
Prepaid Items	2,730	4,169	3,230	10,129
Materials and Supplies Inventory	81,922	20,230	307,813	409,965
Unamortized Bond Insurance Premium	482	307	10,143	10,932
Total Current Assets	1,440,511	784,357	4,591,704	6,816,572
Non-Current Assets:				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	30,558	23,385	2,908	56,851
Nondepreciable Capital Assets	139,756	0	305,596	445,352
Depreciable Capital Assets, Net	4,101,795	8,428,465	5,023,991	17,554,251
Total Non-Current Assets	4,272,109	8,451,850	5,332,495	18,056,454
Total Assets	5,712,620	9,236,207	9,924,199	24,873,026
Deferred Outflows of Resources				
Deferred Charge on Refunding	9,779	7,441	133,689	150,909
Pension	93,357	97,700	102,692	293,749
OPEB	19,536	19,536	21,491	60,563
Total Deferred Outflows of Resources	122,672	124,677	257,872	505,221
Liabilities				
Current Liabilities:				
Accounts Payable	0	5,220	796,879	802,099
Accrued Wages and Benefits Payable	8,566	5,881	7,523	21,970
Intergovernmental Payable	1,091	6,597	0	7,688
Accrued Interest Payable	3,001	2,000	64,097	69,098
Current Portion Compensated Absences Payable	28	705	3,440	4,173
Current Portion General Obligation Bonds Payable	10,000	5,000	280,000	295,000
Current Portion OPWC Loan Payable	2,788	22,841	0	25,629
Current Portion OWDA Loan Payable	0	94,028	0	94,028
Total Current Liabilities	25,474	142,272	1,151,939	1,319,685
Long-Term Liabilities (Net of Current Portion):				
Refundable Deposits Payable from Restricted Assets	30,558	23,385	2,908	56,851
Compensated Absences Payable	182	4,643	22,662	27,487
General Obligation Bonds Payable	184,875	125,722	3,910,689	4,221,286
OPWC Loans Payable	19,539	125,640	0	145,179
OWDA Loans Payable	0	1,598,482	0	1,598,482
Intergovernmental Payable	0	21,256	0	21,256
Net Pension Liability	409,147	409,147	450,059	1,268,353
Net OPEB Liability	264,965	264,965	291,463	821,393
Total Long-Term Liabilities	909,266	2,573,240	4,677,781	8,160,287
Total Liabilities	934,740	2,715,512	5,829,720	9,479,972
Deferred Inflows of Resources				
Pension	109,550	99,558	120,507	329,615
OPEB	32,038	23,087	35,242	90,367
Total Deferred Inflows of Resources	141,588	122,645	155,749	419,982
Net Position				
Net Investment in Capital Assets	4,034,610	6,464,500	1,282,730	11,781,840
Restricted for:				
Debt Service	0	0	105,648	105,648
Unrestricted	724,354	58,227	2,808,224	3,590,805
Total Net Position	$4,758,964	$6,522,727	$4,196,602	$15,478,293

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, 2018

	Water	Sewer	Light	Total Enterprise
Operating Revenues				
Charges for Services	$1,200,420	$1,142,633	$7,136,458	$9,479,511
Other	25,274	41,852	122,018	189,144
Total Operating Revenues	1,225,694	1,184,485	7,258,476	9,668,655
Operating Expenses				
Personal Services	590,346	583,707	582,732	1,756,785
Contractual Services	86,400	21,374	79,685	187,459
Purchased Power	0	0	4,699,469	4,699,469
Materials and Supplies	163,559	186,982	65,807	416,348
Depreciation	165,079	318,092	238,268	721,439
Total Operating Expenses	1,005,384	1,110,155	5,665,961	7,781,500
Operating Income	220,310	74,330	1,592,515	1,887,155
Non-Operating Expenses				
Interest and Fiscal Charges	(8,742)	(58,635)	(171,393)	(238,770)
Income (Loss) Before Contributions	211,568	15,695	1,421,122	1,648,385
Capital Contributions	502,863	0	0	502,863
Change in Net Position	714,431	15,695	1,421,122	2,151,248
Net Position Beginning of Year - Restated (Note 3)	4,044,533	6,507,032	2,775,480	13,327,045
Net Position End of Year	$4,758,964	$6,522,727	$4,196,602	$15,478,293

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Water	Sewer	Light	Total Enterprise
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	$1,179,968	$1,122,094	$6,981,051	$9,283,113
Cash Payments for Employee Services and Benefits	(543,834)	(533,020)	(523,643)	(1,600,497)
Cash Payments for Goods and Services	(260,482)	(217,541)	(346,911)	(824,934)
Cash Payments for Purchased Power	0	0	(4,732,522)	(4,732,522)
Utility Deposits Paid	(49,370)	(37,783)	(4,701)	(91,854)
Other Operating Revenues	25,274	41,852	122,018	189,144
Net Cash Provided by Operating Activities	351,556	375,602	1,495,292	2,222,450
Cash Flows from Noncapital Financing Activities				
Cash Received for Kilowatt per Hour Taxes	0	0	37,222	37,222
Cash Payments of Kilowatt per Hour Taxes	0	0	(37,222)	(37,222)
Net Cash Provided by Noncapital Activities	0	0	0	0
Cash Flows from Capital and Related Financing Activities				
Payments for Capital Acquisitions	(11,344)	(28,638)	(74,914)	(114,896)
Principal Paid on General Obligation Bonds	(10,000)	(5,000)	(265,000)	(280,000)
Principal Paid on OPWC Loans	(2,733)	(22,392)	0	(25,125)
Principal Paid on OWDA Loans	0	(84,860)	0	(84,860)
Interest Paid on Debt	(6,589)	(57,217)	(137,099)	(200,905)
Net Cash Used for Capital and Related Financing Activities	(30,666)	(198,107)	(477,013)	(705,786)
Net Increase in Cash and Cash Equivalents	320,890	177,495	1,018,279	1,516,664
Cash and Cash Equivalents Beginning of Year	561,071	493,293	2,623,189	3,677,553
Cash and Cash Equivalents End of Year	$881,961	$670,788	$3,641,468	$5,194,217

(Continued)

City of St. Clairsville
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2018

	Water	Sewer	Light	Total Enterprise
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income	$220,310	$74,330	$1,592,515	$1,887,155
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation	165,079	318,092	238,268	721,439
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in Accounts Receivable	(27,825)	(25,897)	(148,456)	(202,178)
(Increase) Decrease in Prepaid Items	2,037	(4,169)	2,904	772
(Increase) Decrease in Materials and Supplies Inventory	0	0	(183,894)	(183,894)
Decrease in Deferred Outflows of Resources - Pension	77,251	77,390	84,975	239,616
Decrease in Deferred Outflows of Resources - OPEB	12,513	12,352	13,765	38,630
Increase (Decrease) in Accrued Wages and Benefits Payable	1,532	(760)	678	1,450
Increase (Decrease) in Accounts Payable	(12,020)	2,121	(52,942)	(62,841)
Increase (Decrease) in Compensated Absences Payable	(322)	(3,442)	8,577	4,813
(Decrease) in Intergovernmental Payable	(540)	(7,137)	(540)	(8,217)
(Decrease) in Refundable Deposits Payable	(41,997)	(32,425)	(11,652)	(86,074)
Increase in Net Pension Liability	8,898	8,899	9,790	27,587
Increase in Net OPEB Liability	14,370	14,370	15,806	44,546
(Decrease) in Deferred Inflows of Resources - Pension	(56,914)	(51,586)	(62,605)	(171,105)
(Decrease) in Deferred Inflows of Resources - OPEB	(10,816)	(6,536)	(11,897)	(29,249)
Total Adjustments	131,246	301,272	(97,223)	335,295
Net Cash Provided by Operating Activities	$351,556	$375,602	$1,495,292	$2,222,450

Noncash Activities:
The Water Fund had $17,800 of construction in progress placed in service in 2018.
The Water Fund had $114,207 of capital contributions from Governmental Activities in 2018.
The Sewer Fund had $5,500 of construction in progress placed in service in 2018.
The Light Fund had $386,430 of construction in progress placed in service in 2018.

See accompanying notes to the basic financial statements

City of St. Clairsville
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2018

Assets	
Equity in Pooled Cash and Cash Equivalents	$3,457
Cash and Cash Equivalents in Segregated Accounts	1,010
Total Assets	$4,467
Liabilities	
Undistributed Monies	$4,467
Total Liabilities	$4,467

See accompanying notes to the basic financial statements

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NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of St. Clairsville (the "City") is a body politic, incorporated as a village in 1801, and became a City on March 20, 1977. The City merged with St. Clairsville Township on January 1, 1994. The City is a charter municipal corporation, incorporated under the laws of the State of Ohio. The City operates under a "Mayor-Council-Manager" form of government. The Council 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 reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

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.

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 issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. The City has one blended component unit.

The Community Improvement Corporation meets the blended component unit criteria of Governmental Accounting Standards Board (GASB) Statement Numbers. 14, 39, 61, and 80 and is presented as a special revenue fund of the City accordingly.

The Community Improvement Corporation is a legally separate organization, which is governed by the voting membership. All members of the St. Clairsville City Council are voting members of the Community Improvement Corporation. The purpose of the Community Improvement Corporation is to provide economic development opportunities for the City. The City can impose its will on the Community Improvement Corporation, and has a financial benefit/burden relationship with the Community Improvement Corporation. In addition, the City provides management of the Community Improvement Corporation. The Community Improvement Corporation is a blended component unit of the City, and is reported as a special revenue fund. Separately issued financial statements can be obtained from the St. Clairsville Community Improvement Corporation.

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 17.

Ohio Mid-Eastern Governments Association (OMEGA)
Bel-O-Mar Regional Council
Memorial Park District of the City of St. Clairsville and Richland Township
Cumberland Trail Fire District
Belmont County Major Crime Unit (BCMCU)

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.

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.
>
> ***Street Fund*** The street special revenue fund is to account for revenue derived from permissive motor vehicle license taxes, motor vehicle licenses, gasoline taxes, state and local highway funds, and interest income. The fund is used to finance the activities of the street department of the City.
>
> ***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. 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 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 revenue, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the period in which the income is earned (See Note 8). 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, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to the pension and OPEB plans are explained in Notes 11 and 12.

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, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 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.

The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position. (See Notes 11 and 12)

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. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

F. 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.

The Community Improvement Corporation is a legally separate organization. Although the component unit is blended and presented as a special revenue fund, the City is not required to budget resources nor appropriate funds, and therefore budgetary information will not be presented.

G. Cash and Cash Equivalents and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this account or are temporarily used to purchase short term investments. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During 2018, the City's investments were limited to nonnegotiable certificates of deposit.

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

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 2018 amounted to $31,012, which includes $25,163 assigned from other City funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

H. 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.

I. 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.

J. Receivables and Payables

Receivables and payables are recorded on the City's financial statements to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

K. Assets Held for Resale

As part of the economic development program, the Community Improvement Corporation has acquired land from the City. This property is intended to be sold to promote economic development within the City.

L. Capital Assets

The City's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These 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.

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 assets by back-trending (i.e., estimating the current replacement cost of the asset 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 acquisition values as of the date received. The capitalization threshold is ten thousand dollars. The City does not possess any infrastructure. 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.

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

Description	Governmental and Business Type Activities Estimated Lives
Land Improvements	20 Years
Building and Building Improvements	21-50 Years
Machinery and Equipment	5-40 Years
Vehicles	8-15 Years
Infrastructure	15-75 Years

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

M. Internal 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 and long-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities column 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.

N. Compensated Absences

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

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

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.

O. 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, compensated absences and net pension/OPEB liability 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 year. Bonds, capital leases, and long-term loans are recognized as a liability on the government fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

P. Unamortized Bond Insurance Premiums, Bond Discounts, Bond Premiums, and Bond Issuance Costs

On the government wide financial statements, bond insurance premiums, bond premiums and bond discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements bond insurance premiums, bond premiums, bond discounts and bond issuance costs are recognized in the period in which the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Bond issuance costs are expensed in the funds in the period the bonds are issued.

Q. 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.

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. The City had a committed fund balance to be used for the acquisition, construction or improvements of capital assets which includes the purchasing of motor vehicles and equipment pursuant to Ohio Revised Code 5705.13 (C).

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.

R. 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.

S. 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.

T. Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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.

Deferred inflows of resources and deferred outflows of resources from the change in internal proportionate share related to pension and OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position.

U. 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.

V. 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.

W. Contributions of Capital

Contributions of capital arise from contributions from other funds, or from grants or outside contributions of resources restricted to capital acquisition and construction.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT OF NET POSITION

For 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus* 2017, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

For 2018, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business - Type Activities
Net Position December 31, 2017	$12,986,806	$14,124,315
Adjustments:		
Net OPEB Liability	(1,422,233)	(807,119)
Deferred Outflow - Payments Subsequent to Measurement Date	8,747	9,849
Restated Net Position December 31, 2017	$11,573,320	$13,327,045

	Water	Sewer	Light	Total Enterprise
Net Position December 31, 2017	$4,305,933	$6,755,362	$3,063,020	$14,124,315
Adjustments:				
Net OPEB Liability	(264,629)	(251,398)	(291,092)	(807,119)
Deferred Outflow - Payments Subsequent to Measurement Date	3,229	3,068	3,552	9,849
Restated Net Position December 31, 2017	$4,044,533	$6,507,032	$2,775,480	$13,327,045

Other than employer contributions subsequent to the measurement date, the County made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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 Balances – Budget (Non-GAAP Basis) and Actual presented for the general fund and police and street 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).

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 Street Special Revenue funds.

	General	Police	Street
GAAP Basis	$50,296	$93,765	$137,680
Revenue Accruals	(1,731)	(35,987)	2,484
Expenditure Accruals	593	25,946	(1,969)
Budget Basis	$49,158	$83,724	$138,195

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State statute into three categories.

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

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

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain bankers' acceptances acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

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. Except as noted above, an investment must mature within five years from the date of settlement, 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 a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2018, $750,000 of the City's total bank balance of $8,140,692 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the City. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by the State Law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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 value; public utility real property is assessed at 25 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was $12.10 per $1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	$127,020,470
Public Utility Personal Property	1,417,710
Total Assessed Property Value	$128,438,180

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, 2018, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2018 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 7 - RECEIVABLES

Receivables at December 31, 2018 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services including unbilled utility services), loans, and intergovernmental receivables arising from grants, entitlements 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 $7,060 may not be collected within one year.

The other governmental funds reflect loans receivable of $594,384. These loans receivable are for financing the rehabilitation of downtown local businesses for community and economic development. Of the total loans receivable, $7,000 is scheduled to be collected within one year.

A summary of the principal items of intergovernmental receivables is as follows:

Governmental Activities:	
Local Government Funding	$62,107
Homestead/Rollback Reimbursement	59,136
Motor Vehicle License and Gasoline Tax	124,598
Total Governmental Activities	$245,841
Business-Type Activities:	
Ohio Public Works Grant	$388,656
Total	$634,497

Revenue in Lieu of Taxes Receivable

In accordance with State law, the City has established a tax increment financing ordinance for parcels known as the St. Clair Commons, for which the City has granted property tax exemptions to construct certain infrastructure improvements. The improvements will be financed with bonds issued by the Columbus-Franklin Finance Authority (Authority). On April 13, 2017, the Authority issued $2,335,000 in Series 2017A revenue bonds, as part of the St. Clair Commons Public Infrastructure Project, with interest payments beginning in 2017 (paid with the bonds' premium reserve), and the first principal payment due in 2019. The property owners have agreed to make payments to the City to reimburse annual debt service on the bonds, to and offset the affected school districts. The amount of those payments generally reflects all of the property taxes which the property owners would have paid if the improvements on the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes will continue for the length of the agreement, which is not to exceed 30 years. For 2018, the estimated receivable for revenue in lieu of taxes in the amount of $236,897 remains deferred.

NOTE 8 - 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 9 - CAPITAL ASSETS

A summary of changes in capital assets during 2018 is as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Governmental Activities:				
Non Depreciable Capital Assets:				
Land	$1,360,478	$0	$0	$1,360,478
Construction in Progress	0	14,200	0	14,200
Total Non Depreciable Capital Assets	1,360,478	14,200	0	1,374,678
Depreciable Capital Assets:				
Land Improvements	4,656,851	0	0	4,656,851
Buildings and Improvements	1,259,461	102,260	0	1,361,721
Machinery and Equipment	379,696	345,381	(30,000)	695,077
Infrastructure	19,418,378	277,186	0	19,695,564
Vehicles	831,067	65,699	(98,574)	798,192
Total Depreciable Capital Assets	26,545,453	790,526	(128,574)	27,207,405
Accumulated Depreciation:				
Land Improvements	(2,296,385)	(184,658)	0	(2,481,043)
Buildings and Improvements	(983,260)	(26,355)	0	(1,009,615)
Machinery and Equipment	(236,973)	(45,352)	30,000	(252,325)
Infrastructure	(12,576,412)	(662,065)	0	(13,238,477)
Vehicles	(608,585)	(34,846)	93,740	(549,691)
Total Accumulated Depreciation	(16,701,615)	(953,276)	123,740	(17,531,151)
Total Depreciable Capital Assets, Net	9,843,838	(162,750)	(4,834)	9,676,254
Governmental Type Capital Assets, Net	$11,204,316	($148,550)	($4,834)	$11,050,932

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General Government:	
Legislative and Executive	$26,256
Security of Persons and Property:	
Police	19,557
Leisure Time Activities	214,380
Transportation	693,083
Total Depreciation Expense	$953,276

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Business Type Activities:				
Non Depreciable Capital Assets:				
Land	$305,596	$0	$0	$305,596
Construction in Progress	450,580	98,906	(409,730)	139,756
Total Non Depreciable Capital Assets	756,176	98,906	(409,730)	445,352
Depreciable Capital Assets:				
Land Improvements	67,975	0	0	67,975
Buildings and Improvements	2,438,234	0	0	2,438,234
Machinery and Equipment	2,611,252	26,645	0	2,637,897
Infrastructure	25,061,403	513,282	0	25,574,685
Vehicles	1,306,682	0	0	1,306,682
Total Depreciable Capital Assets	31,485,546	539,927	0	32,025,473
Accumulated Depreciation:				
Land Improvements	(29,634)	(1,959)	0	(31,593)
Buildings and Improvements	(1,381,261)	(71,760)	0	(1,453,021)
Machinery and Equipment	(1,820,924)	(51,027)	0	(1,871,951)
Infrastructure	(9,826,083)	(535,584)	0	(10,361,667)
Vehicles	(691,881)	(61,109)	0	(752,990)
Total Accumulated Depreciation	(13,749,783)	(721,439)	0	(14,471,222)
Total Depreciable Capital Assets, Net	17,735,763	(181,512)	0	17,554,251
Business Type Capital Assets, Net	$18,491,939	($82,606)	($409,730)	$17,999,603

Infrastructure additions included capital contributions from Governmental Activities in the amount of $114,207.

NOTE 10 - RISK MANAGEMENT

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 2018, the City contracted with the Scottsdale Insurance Company, and the Charter Oak Fire Insurance Company for property and inland marine coverage, for fleet insurance, and liability insurance. The Scottsdale Insurance Coverage and Charter Oak Fire Insurance Coverage, provided by the Travelers Property Casualty Company of America, are as follows:

Building and Contents - replacement cost ($5,000 deductible)	$31,257,472
Flood Coverage ($10,000 deductible)	5,000,000
Earthquake ($25,000 deductible)	5,000,000
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 ($5,000 deductible)	1,000,000
Law Enforcement Liability:	
Aggregate	1,000,000
Each Person / Occurrence ($5,000 deductible)	1,000,000
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 has been no significant reductions in coverage from the prior year.

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 11 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability /Net OPEB Liability

The net pension liability and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability represent the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented a long-term *net pension/OBEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the tradition and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Traditional Plan Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2018 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, The City's contractually required contribution was $220,215, of which the full amount has been contributed.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $92,982 for 2018,of which, the full amount has been contributed.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS Traditional Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.0130400%	0.0205790%	
Prior Measurement Date	0.0135080%	0.0190910%	
Change in Proportionate Share	-0.0004680%	0.0014880%	
Proportionate Share of the:			
Net Pension Liability	$2,045,725	$1,263,026	$3,308,751
Pension Expense	366,391	158,783	525,174

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At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$2,090	$19,168	$21,258
Changes of assumptions	244,478	55,037	299,515
Changes in proportion and differences between City contributions and proportionate share of contributions	0	94,166	94,166
City contributions subsequent to the measurement date	220,215	92,982	313,197
Total Deferred Outflows of Resources	$466,783	$261,353	$728,136
Deferred Inflows of Resources			
Differences between expected and actual experience	$40,314	$2,286	$42,600
Net difference between projected and actual earnings on pension plan investments	439,190	43,692	482,882
Changes in proportion and differences between City contributions and proportionate share of contributions	68,251	43,150	111,401
Total Deferred Inflows of Resources	$547,755	$89,128	$636,883

$313,197 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OP&F	Total
Year Ending December 31:			
2019	$140,233	$41,993	$182,226
2020	(67,555)	30,506	(37,049)
2021	(193,395)	(14,747)	(208,142)
2022	(180,470)	(11,899)	(192,369)
2023	0	26,728	26,728
Thereafter	0	6,662	6,662
Total	($301,187)	$79,243	($221,944)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	OPERS Traditional Plan
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability			
OPERS Traditional Plan	$3,632,683	$2,045,725	$722,677

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

For the January 1, 2016 valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.
* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$1,750,885	$1,263,026	$865,132

NOTE 12 - POSTEMPLOYMENT BENEFITS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The 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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was $192 for 2018, of which the full amount has been contributed.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, 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 Government Accounting Standards Board (GASB) Statement No. 75.

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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of employer contributions allocated to health care was 0.5 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 is also 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 contractually required contribution to OP&F was $2,447 for 2018, of which the full amount has been contributed.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.012200%	0.0205790%	
Prior Measurement Date	0.013100%	0.0190910%	
Change in Proportionate Share	-0.0009000%	0.0014880%	
Proportionate Share of the Net Pension Liability	$1,324,831	$1,165,977	$2,490,808
OPEB Expense	$80,529	$101,587	$182,116

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,032	$0	$1,032
Changes of assumptions	96,462	113,774	210,236
Changes in proportion and differences between City contributions and proportionate share of contributions	0	60,415	60,415
City contributions subsequent to the measurement date	192	2,447	2,639
Total Deferred Outflows of Resources	$97,686	$176,636	$274,322
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$5,881	$5,881
Net difference between projected and actual earnings on OPEB plan investments	98,691	7,675	106,366
Changes in proportion and differences between City contributions and proportionate share of contributions	61,500	0	61,500
Total Deferred Inflows of Resources	$160,191	$13,556	$173,747

$2,639 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	($7,465)	$22,689	$15,224
2020	(7,465)	22,689	15,224
2021	(23,099)	22,689	(410)
2022	(24,668)	22,689	(1,979)
2023	0	24,607	24,607
Thereafter	0	45,270	45,270
Total	($62,697)	$160,633	$97,936

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	$1,760,094	$1,324,831	$972,706

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	$1,267,580	$1,324,831	$1,383,968

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Currrent measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	$1,457,486	$1,165,977	$941,672

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	$905,752	$1,165,977	$1,516,673

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's NOL is not known.

NOTE 13 - OTHER EMPLOYEE BENEFITS

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.

Insurances

The City provides medical/surgical and prescription drug insurance coverage for all eligible employees through Medical Mutual. The monthly premium for medical/surgical and prescription drug coverage is $805.58 for single plan, $1,772.04 for a spousal plan, $1,511.43 for a dependent child plan, and $2,519 for a family plan. The Council pays approximately 90 percent of the premiums. The City provides dental insurance coverage for all eligible employees through Delta Dental. The monthly premium for dental coverage is $24.84 for a single plan, $47.71 for a one dependent plan, and $93.05 for a two or more dependent 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 at a premium of $23.68 per month. The City provides a life insurance policy, in the amount of $25,000, for all eligible (non-police) employees through Anthem. The monthly premium for life insurance policy is $5.88; the Council pays 100 percent of the premiums. The City provides police personnel with a life insurance policy in the amount of $50,000, with a monthly premium of $11.75. Council pays 100 percent of the premium.

NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During 2018 and in prior years the City 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 outstanding lease obligations have been capitalized in government wide statements governmental activities in the amount of $73,166, 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 $61,885. Principal payments towards capital leases during 2018 totaled $24,495 for governmental activities.

Future minimum lease payments through 2020 are as follows:

	Governmental Activities	
Year	Principal	Interest
2019	$23,573	$2,365
2020	11,977	838
	$35,550	$3,203

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NOTE 15 - LONG-TERM OBLIGATIONS

The long-term obligations at December 31, 2017 have been restated as described in Note 3. Changes in long-term obligations of the City during the year ended December 31, 2018 consisted of the following:

	Restated Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Governmental Activities:					
General Obligation Bonds					
Refunding - 2016 $4,810,000					
Recreational Facilties - Serial/Term Bonds					
$75,000 @ 2.0% to 4.0%	$75,000	$0	$5,000	$70,000	$5,000
Premium - $7,384	6,516	0	434	6,082	0
Total General Obligation Bonds	81,516	0	5,434	76,082	5,000
OPWC Loans					
Bett-Mar (CR10L)					
2008 - $116,589 @ 0%	67,041	0	5,829	61,212	5,829
St. Clairsville Road Project (CR25M)					
2010 - $98,372 @ 0%	63,940	0	4,919	59,021	4,919
Resurfacing 22 Roads (CR03N)					
2011 - $76,320 @ 0%	53,424	0	3,816	49,608	3,816
Road Resurfacing (CR02Q)					
2014 - $64,794	53,995	0	4,320	49,675	4,320
Total OPWC Loans	238,400	0	18,884	219,516	18,884
Other Long-Term Obligations					
Net Pension Liability:					
OPERS	1,196,298	0	418,926	777,372	0
OP&F	1,209,204	53,822	0	1,263,026	0
Net Pension Liability	2,405,502	53,822	418,926	2,040,398	0
Net OPEB Liability:					
OPERS	516,026	0	12,588	503,438	0
OP&F	906,207	259,770	0	1,165,977	0
Net OPEB Liability	1,422,233	259,770	12,588	1,669,415	0
Capital Leases	24,058	35,987	24,495	35,550	23,573
Compensated Absences	157,532	96,074	123,849	129,757	17,103
Total Governmental Activities	$4,329,241	$445,653	$604,176	$4,170,718	$64,560

	Restated Balance 12/31/2017	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Business-Type Activities:					
General Obligation Bonds					
Refunding - 2016 $4,810,000					
Water System Improvements					
$200,000 @ 2.0% to 4.0%	$190,000	$0	$10,000	$180,000	$10,000
Premium - $18,061	15,937	0	1,062	14,875	0
Sewer System Improvements					
$160,000 @ 2.0% to 4.0%	125,000	0	5,000	120,000	5,000
Premium - $14,191	11,587	0	865	10,722	0
Light System Improvements					
$4,370,000 @ 2.0% to 4.0%	4,110,000	0	265,000	3,845,000	280,000
Premium - $440,180	377,186	0	31,497	345,689	0
Total General Obligation Bonds	4,829,710	0	313,424	4,516,286	295,000
OPWC Loans					
Belmont Drive Pump Station Replacement (CR20H)					
2007 - $73,774 @ 0.02%	38,704	0	3,739	34,965	3,813
East Main Force Liner (CR23F)					
2004 - $214,890 @ 0.02%	79,410	0	11,559	67,851	11,791
Watstewater System Repairs (CR13E)					
2004 - $133,216 @ 0.02%	52,759	0	7,094	45,665	7,237
Water Transmission System (CR05H)					
2006 - $52,875 @ 0.02%	25,060	0	2,733	22,327	2,788
Total OPWC Loans	195,933	0	25,125	170,808	25,629
OWDA Loan					
WWTP Improvements (7233)					
2016 - $2,000,000 @ 2.710%	1,777,370	0	84,860	1,692,510	94,028
Other Long Term Obligations					
Intergovermental Payable	34,450	0	6,597	27,853	6,597
Compensated Absences	26,847	22,839	18,026	31,660	4,173
Net Pension Liability - OPERS:					
Water	613,490	0	204,343	409,147	0
Sewer	582,816	0	173,669	409,147	0
Light	674,836	0	224,777	450,059	0
Total Net Pension Liability - OPERS	1,871,142	0	602,789	1,268,353	0
Net OPEB Liability - OPERS:					
Water	264,629	336	0	264,965	0
Sewer	251,398	13,567	0	264,965	0
Light	291,092	371	0	291,463	0
Total Net Pension Liability - OPERS	807,119	14,274	0	821,393	0
Total Business-Type Activities	$9,542,571	$37,113	$1,050,821	$8,528,863	$425,427

Governmental Activities

2016 Refunding Bonds – On July 13, 2016 the City issued $4,810,000 of general obligation refunding bonds which included serial and term bonds in the amount of $3,245,000 and $1,565,000, respectively. These bonds were issued to partially refund the 2007 Various Purpose Bonds, as well as pay the costs of issuance of these bonds for governmental and business type activities in the amounts of $80,000 ($45,000 serial bonds and $35,000 term bonds) and $4,865,000 ($3,235,000 serial bonds and $1,630,000 term bonds), respectively. The bonds were issued at a premium of $7,530 for governmental activities, and $472,432 for business type activities, which is reported as an increase to bonds payable. This amount is being amortized to interest expense over the life of the bonds using the straight-line method. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price which is reported as a deferred charge on refunding, and amortized over the remaining life of the refunded bonds. The 2018 amortization of this was $297 for governmental activities and $13,342 for business type activities. The bonds are insured, and the cost of the bond insurance is reported as Unamortized Bond Insurance Premiums and will be amortized over the life of the bonds. The value of the insurance was $14,123 ($235 governmental activities and $13,888 business type activities). The 2018 amortization of the bond premium insurance was $13 for governmental activities and $956 for business type activities. A breakdown of the business-type portion of this bond issue is addressed as follows in the business type activity portion of this note.

The governmental debt service requirements are as follows:

Year Ending	Serial / Term Bonds		
December 31,	Principal	Interest	Total
2019	$5,000	$2,300	$7,300
2020	5,000	2,150	7,150
2021	5,000	2,000	7,000
2022	5,000	1,800	6,800
2023	5,000	1,600	6,600
2024-2028	25,000	5,100	30,100
2029-2032	20,000	1,500	21,500
Total	$70,000	$16,450	$86,450

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:

Year Ending December 31,	Principal
2019	$18,884
2020	18,884
2021	18,884
2022	18,884
2023	18,884
2024-2028	94,415
2029-2032	30,681
Total	$219,516

Business-Type Activities

2016 Refunding Bonds – On July 13, 2016 the City issued $4,810,000 of general obligation refunding bonds which included serial and term bonds in the amount of $3,245,000 and $1,565,000, respectively. These bonds were issued to partially refund the 2007 Various Purpose Bonds, as well as pay the costs of issuance of these bonds for governmental and business type activities in the amounts of $80,000 ($45,000 serial bonds and $35,000 term bonds) and $4,865,000 ($3,235,000 serial bonds and $1,630,000 term bonds), respectively. The bonds were issued at a premium of $7,530 for governmental activities, and $472,432 for business type activities, which is reported as an increase to bonds payable. This amount is being amortized to interest expense over the life of the bonds using the straight-line method. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price which is reported as a deferred charge on refunding, and amortized over the remaining life of the refunded bonds. The 2018 amortization of this was $297 for governmental activities and $13,342 for business type activities. The bonds are insured, and the cost of the bond insurance is reported as Unamortized Bond Insurance Premiums and will be amortized over the life of the bonds. The value of the insurance was $14,123 ($235 governmental activities and $13,888 business type activities). The 2018 amortization of the bond premium insurance was $13 for governmental activities and $956 for business type activities. A breakdown of the governmental activities portion of this bond issue is previously addressed in the governmental activities portion of this note.

The business-type debt service requirements are as follows:

Year Ending	Serial / Term Bonds		
December 31,	Principal	Interest	Total
2019	$295,000	$138,950	$433,950
2020	300,000	130,100	430,100
2021	320,000	121,100	441,100
2022	325,000	108,300	433,300
2023	335,000	95,300	430,300
2024-2028	1,590,000	277,000	1,867,000
2029-2032	980,000	74,550	1,054,550
Total	$4,145,000	$945,300	$5,090,300

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.

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

Year Ending December 31,	Principal	Interest	Total
2019	$25,629	$3,288	$28,917
2020	26,145	2,772	28,917
2021	26,670	2,247	28,917
2022	27,206	1,711	28,917
2023	27,753	1,164	28,917
2024-2027	37,405	1,033	38,438
Total	$170,808	$12,215	$183,023

OWDA Loan – The City has received an OWDA Loan to finance a Wastewater Treatment Plant Improvement Project. The loan has been approved for $2,000,000, with a repayment schedule not to exceed twenty years. During 2018, the City did not draw down any of the available funding. The OWDA loan will be paid from revenues derived from charges for services in the Sewer Fund. The OWDA loan has a 2.71 percent interest rate.

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

Year Ending December 31,	Principal	Interest	Total
2019	$94,028	$45,230	$139,258
2020	94,028	42,682	136,710
2021	94,028	40,134	134,162
2022	94,028	37,585	131,613
2023	94,028	35,037	129,065
2024-2028	470,142	136,964	607,106
2029-2033	470,142	73,260	543,402
2034-2036	282,086	13,378	295,464
Total	$1,692,510	$424,270	$2,116,780

Belmont County Intergovernmental Payable – In prior years, the City and Belmont County approved an agreement for the City to pay 7.33 percent of the costs of Belmont County's Water Works System, Phase I Project, in return for the City to have access to an emergency water supply. The City's repayment schedule for the project is as follows.

Year Ending December 31,	Principal
2019	$6,597
2020	6,963
2021	6,963
2022	7,330
Total	$27,853

As of December 31, 2018, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was $13,486,009, with an unvoted debt margin of $7,064,100.

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.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General Fund, Police Fund, Street Fund, Recreation Fund, Water Fund, Sewer Fund, and Light Fund. For additional information related to the net pension/OPEB liability see Note 11 and 12.

NOTE 16 - INTERNAL ACTIVITY AND TRANSFERS

Internal Balances – Change in Proportionate Share

The City uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the County as a whole.

Eliminations made in the business type activities column related to pension include deferred outflow of resources and deferred inflows of resources in the amounts of $4,344 in the Sewer Fund.

Interfund Balances

Interfund balances at December 31, 2018 consisted of the following individual interfund receivables and payables:

	Interfund Receivable
Interfund Payable	General
Other Non-Major Governmental Funds	$68,561

The amount due to the General Fund from other non-major governmental funds relates to property tax payments made by the City on behalf of the Community Improvement Corporation, which is reported as a non-major special revenue fund.

Interfund Transfers

Interfund transfers for the year ended December 31, 2018, consisted of the following:

	Transfers Out		
	Major Funds	Other Non-Major	
Transfers In	General	Governmental Funds	Total
Major Funds:			
Police	$440,800	$0	$440,800
Street	301,227	0	301,227
Other Non-Major Governmental Funds	492,892	7,450	500,342
	$1,234,919	$7,450	$1,242,369

The transfers from the General Fund to the Police, Street, and Other Non-Major Governmental funds were made to provide additional operating resources for City programs. Additional transfers between Other Non-Major Governmental Funds were made for annual debt service payments on outstanding long-term obligations.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

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 and political subdivisions within the counties in the application of Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a twenty-one member executive board comprised of members appointed from each participating county and the 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 exercises total control over the operations of the OMEGA including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Each member currently pays a per capita membership fee based upon the most recent United States census. During 2018, the City made no contributions to OMEGA. Information can be obtained from 326 Highland Avenue, PO Box 130, Cambridge, Ohio 43725.

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 and three counties in West Virginia. The governing board is comprised of 46 officials from the four county service area of which five are appointed by Belmont County. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Council. The City made no contributions to Bel-O-Mar during 2018.

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 City cannot influence the Park Districts operation. 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.

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.

Belmont County Major Crime Unit

The Belmont County Major Crimes Unit (BCMCU) was created by a resolution and an agreement between Belmont County Sheriff's Office, the police departments of the City of St. Clairsville, the City of Martins Ferry, and all the villages located in Belmont County under the authority of Ohio Revised Code sections 311.07, 505.43, and 737.04. The Belmont County Sheriff serves as the director of the BCMCU. The BCMCU is governed by an Advisory Board consisting of the Belmont County Sheriff, the Belmont County Prosecutor, and the chief of police of each participating political subdivision. Each participant's degree of control is limited to its representation on the Board. All participating agencies agree that any mandatory fines collected shall be placed in an indemnity fund, administered by the Belmont County Sheriff's Office. The indemnity fund shall be used to subsidize the cost of BCMCU investigations. The City made no contributions to BCMCU during 2018.

NOTE 18 - CONTINGENCIES

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, 2018.

Litigation

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

Component Unit Tax-Exempt Status

On March 18, 2013 the City was notified that effective May 15, 2012, the Internal Revenue Service revoked the Community Improvement Corporation's status as a tax-exempt organization.

Paid Up Oil/Gas Leases

Rice Drilling D LLC - The City has entered into a "Paid-Up" Oil and Gas Lease with Rice Energy D LLC for 170.43 acres of property owned by the City, and is effective September 16, 2014 for a five year period. In consideration of the execution of the lease, the City received a signing bonus in the amount of $1,474,252 on January 21, 2015. The lease calls for payments to the City, in addition to the bonus, royalties in the amount of 20 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the City has not received any compensation beyond the bonus.

Gulfport Energy Corporation - The City has entered into a "Paid-Up" Oil and Gas Lease with Gulfport Energy Corporation for 8.977 acres of property owned by the City, and is effective June 6, 2017 for a five year period. In consideration of the execution of the lease, the City received a signing bonus in the amount of $44,885 on October 24, 2017. The lease calls for payments to the City, in addition to the bonus, royalties in the amount of 20 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the City has not received any compensation beyond the bonus.

Ascent Resources – Utica, LLC - The City has entered into a "Paid-Up" Oil and Gas Lease with Ascent Resources – Utica, LLC for 2.2284 acres of property owned by the City, and is effective June 6, 2017 for a five year period. In consideration of the execution of the lease, the City received a signing bonus in the amount of $11,699 on December 13, 2017. The lease calls for payments to the City, in addition to the bonus, royalties in the amount of 20 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the City has not received any compensation beyond the bonus.

Ascent Resources – Utica, LLC - The City has entered into a "Paid-Up" Oil and Gas Lease with Ascent Resources – Utica, LLC for 1.901 acres of property owned by the City, and is effective November 5, 2018 for a five year period. In consideration of the execution of the lease, the City is to receive a signing bonus. As of December 31, 2018 the signing bonus had not been received. The lease calls for payments to the City, in addition to the bonus, royalties in the amount of 18 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the City has not received any compensation beyond the bonus.

The total carrying value of the land leased is $1,170,246.

REQUIRED SUPPLEMENTARY INFORMATION

City of St. Clairsville
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Five Years (1) *

	2018	2017	2016
City's Proportion of the Net Pension Liability	0.0130400%	0.0135080%	0.0138830%
City's Proportionate Share of the Net Pension Liability	$2,045,725	$3,067,440	$2,404,711
City's Covered Payroll	$1,600,908	$1,737,008	$1,759,371
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	127.79%	176.59%	136.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added for each year.

* Amounts presented for each year were determined as of the City's measurement date which is the prior fiscal year end.

See notes to the required supplementary information

2015	2014
0.0143170%	0.0143170%
$1,726,789	$1,687,788
$1,755,358	$1,763,231
98.37%	95.72%
86.45%	86.36%

City of St. Clairsville
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Five Years (1) *

	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.0205790%	0.0190910%	0.0202790%	0.0193960%
City's Proportionate Share of the Net Pension Liability	$1,263,026	$1,209,204	$1,304,564	$1,004,794
City's Covered Payroll	$490,021	$455,768	$457,877	$427,216
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	257.75%	265.31%	284.92%	235.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	72.20%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added for each year.

* Amounts presented for each year were determined as of the City's measurement date which is the prior fiscal year end.

See notes to the required supplementary information

2014
0.0193960%
$944,646
$406,739
232.25%
73.00%

City of St. Clairsville
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System
Last Two Years (1) *

	2018	2017
City's Proportion of the Net OPEB Liability	0.0122000%	0.0131000%
City's Proportionate Share of the Net OPEB Liability	$1,324,831	$1,323,145
City's Covered Payroll	$1,604,333	$1,740,433
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	82.58%	76.02%
Plan Fiduciary Net Position as a OPEB of the Total Pension Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added for each year.

* Amounts presented for each year were determined as of the City's measurement date which is the prior fiscal year end.

See notes to the required supplementary information

City of St. Clairsville
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Police and Fire Pension Fund
Last Two Years (1) *

	2018	2017
City's Proportion of the Net OPEB Liability	0.0205790%	0.0190910%
City's Proportionate Share of the Net OPEB Liability	$1,165,977	$906,207
City's Covered Payroll	$490,021	$455,768
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	237.94%	198.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added for each year.

* Amounts presented for each year were determined as of the City's measurement date which is the prior fiscal year end.

See notes to the required supplementary information

City of St. Clairsville
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System
Last Six Years (1)

	2018	2017	2016
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	$220,215	$208,118	$208,441
Contributions in Relation to the Contractually Required Contribution	(220,215)	(208,118)	(208,441)
Contribution Deficiency (Excess)	$0	$0	$0
City Covered Payroll	$1,572,964	$1,600,908	$1,737,008
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%
Net OPEB Liability - OPEB Plan (2)			
Contractually Required Contribution	$192	$16,146	$34,877
Contributions in Relation to the Contractually Required Contribution	(192)	(16,146)	(34,877)
Contribution Deficiency (Excess)	$0	$0	$0
City Covered Payroll (3)	$1,577,764	$1,604,333	$1,740,433
Contributions as a Percentage of Covered Payroll	0.01%	1.01%	2.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added for each year.
(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore information prior to 2016 is not presented.
(3) The OPEB plan includes members from the traditional plan, the combined plan, and the member-directed plan. The City does not have any participants in the combined plan, and the member-directed plan is a defined contribution plan; therefore pension-related information for these plans is not presented above.

See notes to the required supplementary information

2015	2014	2013
$211,125	$210,643	$229,220
(211,125)	(210,643)	(229,220)
$0	$0	$0
$1,759,371	$1,755,358	$1,763,231
12.00%	12.00%	13.00%
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A

City of St. Clairsville
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$92,982	$93,104	$86,596	$86,997
Contributions in Relation to the Contractually Required Contribution	(92,982)	(93,104)	(86,596)	(86,997)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll (1)	$489,379	$490,021	$455,768	$457,877
Contributions as a Percentage of Covered Payroll:	19.00%	19.00%	19.00%	19.00%
Net OPEB Liability				
Contractually Required Contribution	$2,447	$2,450	$2,279	$2,289
Contributions in Relation to the Contractually Required Contribution	(2,447)	(2,450)	(2,279)	(2,289)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Contributions as a Percentage of Covered Payroll:	0.50%	0.50%	0.50%	0.50%

(1) Covered payroll is the same for pension and OPEB.

See notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$81,171	$64,604	$54,882	$51,734	$54,709	$62,025
(81,171)	(64,604)	(54,882)	(51,734)	(54,709)	(62,025)
$0	$0	$0	$0	$0	$0
$427,216	$406,739	$430,447	$405,757	$429,090	$486,471
19.00%	15.88%	12.75%	12.75%	12.75%	12.75%
$2,136	$14,710	$29,055	$27,389	$28,964	$32,837
(2,136)	(14,710)	(29,055)	(27,389)	(28,964)	(32,837)
$0	$0	$0	$0	$0	$0
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	2017	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions – OP&F Pension

Amounts reported for 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented as follows:

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Amounts reported for 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OP&F OPEB

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

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Julian & Grube, Inc.
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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
St. Clairsville, Ohio 43950

To the Members of Council and Mayor:

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, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of St. Clairsville's basic financial statements and have issued our report thereon dated June 14, 2019, wherein we noted as discussed in Note 3, the City of St. Clairsville adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City of St. Clairsville'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 of St. Clairsville's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of St. Clairsville'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.

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

Compliance and Other Matters

As part of reasonably assuring whether the City of St. Clairsville’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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 of St. Clairsville’s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of St. Clairsville’s internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 14, 2019

CITY OF ST. CLAIRSVILLE
BELMONT COUNTY, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Significant Deficiency - Recreation Department Receipts - The City maintains a computer software system relevant to recreation activities. This system has the capability of tracking and summarizing daily financial activity. Lack of internal controls to incorporate this operational software to support the departments financial receipts could put the City in risk of misappropriation of assets.	Corrective Action Taken and Finding is Fully Corrected	N/A

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OHIO AUDITOR OF STATE
KEITH FABER

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
AUGUST 6, 2019

88 East Broad Street, Columbus, Ohio 43215
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www.ohioauditor.gov