

**CITY OF ST. CLAIRSVILLE**  
**BELMONT COUNTY, OHIO**

**Basic Financial Statements**  
**(Audited)**

**For the Year Ended**  
**December 31, 2019**





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Members of City Council  
City of St. Clairsville  
P. O. Box 537  
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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, 2019 through December 31, 2019. 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

September 28, 2020

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**CITY OF ST. CLAIRSVILLE  
BELMONT COUNTY, OHIO**

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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, 2019, 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, 2019, 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 Matters***

As discussed in Note 3 to the financial statements, during 2019, the City of St. Clairsville adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. It was also discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City of St. Clairsville. We did not modify our opinion regarding these matters.

***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 post-employment benefit liabilities and pension and other post-employment 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 August 27, 2020, 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.  
August 27, 2020



**City of St. Clairsville**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
(Unaudited)

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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, 2019. 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 2019 are as follows:

- In total, net position increased \$2,969,794.
- General revenues for governmental activities accounted for \$3,023,711 or approximately 78 percent of total revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for \$846,121 or approximately 22 percent of total revenues in the amount of \$3,869,832.
- Total assets of governmental activities decreased \$113,275 as increases in current assets were offset by decreases in capital assets. Total liabilities of governmental activities decreased \$213,081, primarily due to decreases in the net OPEB liability.
- The City had \$2,750,992 in expenses related to governmental activities; only \$846,121 of which was offset by program specific charges for services, and operating grants, contributions and interest. General revenues in the amount of \$3,023,711 were adequate to provide for these programs.
- Total governmental funds had \$3,849,526 in revenues and \$3,035,993 in expenses. Overall, including other financing sources and uses, total governmental fund balance increased \$813,533.

**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 2019?" 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.

**City of St. Clairsville**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
(Unaudited)

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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 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. Discussion of the City's major funds begins on page 10.

**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.

**City of St. Clairsville**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2019  
(Unaudited)

**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 2019 compared to 2018:

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and						
Other Assets	\$6,170,345	\$5,538,069	\$8,241,130	\$6,873,423	\$14,411,475	\$12,411,492
Capital Assets, Net	10,305,381	11,050,932	19,184,595	17,999,603	29,489,976	29,050,535
Total Assets	<u>16,475,726</u>	<u>16,589,001</u>	<u>27,425,725</u>	<u>24,873,026</u>	<u>43,901,451</u>	<u>41,462,027</u>
<b>Deferred Outflows of Resources</b>						
Deferred Charge						
on Refunding	3,867	4,164	137,568	150,909	141,435	155,073
Pension	828,493	438,731	567,472	289,405	1,395,965	728,136
OPEB	196,419	213,759	68,960	60,563	265,379	274,322
Total Deferred Outflows of Resources	<u>1,028,779</u>	<u>656,654</u>	<u>774,000</u>	<u>500,877</u>	<u>1,802,779</u>	<u>1,157,531</u>
<b>Liabilities</b>						
Current Liabilities	32,851	42,139	533,339	951,109	566,190	993,248
Long-Term Liabilities						
Due within One Year	53,284	64,560	455,653	425,427	508,937	489,987
Due in More Than One Year:						
Net Pension Liability	2,834,776	2,040,398	1,977,558	1,268,353	4,812,334	3,308,751
Net OPEB Liability	719,969	1,669,415	879,305	821,393	1,599,274	2,490,808
Other Amounts	358,896	396,345	6,452,056	6,013,690	6,810,952	6,410,035
Total Liabilities	<u>3,999,776</u>	<u>4,212,857</u>	<u>10,297,911</u>	<u>9,479,972</u>	<u>14,297,687</u>	<u>13,692,829</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	1,025,005	982,335	0	0	1,025,005	982,335
Payment in Lieu of Taxes	0	236,897	0	0	0	236,897
Pension	161,161	311,612	135,662	325,271	296,823	636,883
OPEB	140,749	83,380	77,305	90,367	218,054	173,747
Total Deferred Inflows of Resources	<u>1,326,915</u>	<u>1,614,224</u>	<u>212,967</u>	<u>415,638</u>	<u>1,539,882</u>	<u>2,029,862</u>
<b>Net Position</b>						
Net Investment						
in Capital Assets	10,026,159	10,724,129	12,787,484	11,781,840	22,813,643	22,505,969
Restricted	2,386,005	2,873,078	319,231	105,648	2,705,236	2,978,726
Unrestricted (Deficit)	(234,350)	(2,178,633)	4,582,132	3,590,805	4,347,782	1,412,172
Total Net Position	<u>\$12,177,814</u>	<u>\$11,418,574</u>	<u>\$17,688,847</u>	<u>\$15,478,293</u>	<u>\$29,866,661</u>	<u>\$26,896,867</u>

**City of St. Clairsville**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
(Unaudited)

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The net pension liability (NPL) is one of the largest liabilities reported by the City at December 31, 2019. 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.

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.

Total assets of governmental activities decreased \$113,275. Current and other assets increased \$632,276 primarily due to increases in cash and cash equivalents. Capital assets decreased \$745,551 primarily due to annual depreciation of capital assets.

Overall, total liabilities of governmental activities decreased \$213,081. The decrease in current liabilities was not significant, relative to the change in total liabilities. Long-term liabilities decreased \$203,793 primarily due to a decrease in net OPEB liability, as it relates to the Ohio Police and Fire Pension Fund (OP-F). The increase in the net OPEB liability was offset by an increase in the net pension liability. Changes in pension or OPEB benefits, contribution rates, and return on investments affect the balance of both the net pension and net OPEB liabilities.

Total assets of business-type activities increased \$2,552,699. Current and other assets increased, in the amount of \$1,367,707, primarily due to increases in cash and cash equivalents, and accounts receivable, as the City has implemented rate increases for its water and sewer utility services over the past few years. Capital assets increased \$1,184,992, primarily due to capital asset additions related to the City's new water tank project.

Overall, total liabilities of business-type activities increased \$817,939. Current liabilities decreased by \$417,770 primarily due to decreases in accounts payable related to purchased power by the Light Fund. Long-term liabilities increased by \$1,235,709, primarily due to increases in the net pension liability. The net pension liability increase 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 increase in net pension liability was compounded by the increases in other long-term obligations as the City issued debt to finance the new water tank project.

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 2019 and 2018.

**City of St. Clairsville**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2019  
(Unaudited)

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$361,140	\$475,748	\$9,461,968	\$9,479,511	\$9,823,108	\$9,955,259
Operating Grants, Contributions, and Interest	484,981	424,024	0	0	484,981	424,024
Capital Grants	0	0	170,103	388,656	170,103	388,656
<b>Total Program Revenues</b>	<b>846,121</b>	<b>899,772</b>	<b>9,632,071</b>	<b>9,868,167</b>	<b>10,478,192</b>	<b>10,767,939</b>
General Revenues:						
Property Taxes	1,012,014	997,899	0	0	1,012,014	997,899
Income Taxes	1,362,533	1,390,944	0	0	1,362,533	1,390,944
Kilowatt per Hour Taxes	185,636	196,931	0	0	185,636	196,931
Grants and Entitlements	192,677	177,168	0	0	192,677	177,168
Investment Earnings	43,560	36,237	0	0	43,560	36,237
Oil and Gas Lease Bonus	130,279	0	0	0	130,279	0
Other	97,012	94,221	62,644	189,144	159,656	283,365
<b>Total General Revenues</b>	<b>3,023,711</b>	<b>2,893,400</b>	<b>62,644</b>	<b>189,144</b>	<b>3,086,355</b>	<b>3,082,544</b>
<b>Total Revenues</b>	<b>3,869,832</b>	<b>3,793,172</b>	<b>9,694,715</b>	<b>10,057,311</b>	<b>13,564,547</b>	<b>13,850,483</b>
<b>Program Expenses</b>						
General Government						
Legislative and Executive	561,977	610,625	0	0	561,977	610,625
Security of Persons and Property - Police	234,778	1,196,663	0	0	234,778	1,196,663
Public Health Services	38,548	29,392	0	0	38,548	29,392
Leisure Time Services	410,476	469,612	0	0	410,476	469,612
Community and Economic Development	20,579	6,834	0	0	20,579	6,834
Transportation	1,482,058	1,513,819	0	0	1,482,058	1,513,819
Interest and Fiscal Charges	2,576	6,766	0	0	2,576	6,766
Water	0	0	990,139	1,014,126	990,139	1,014,126
Sewer	0	0	1,242,440	1,168,790	1,242,440	1,168,790
Light	0	0	5,611,182	5,837,354	5,611,182	5,837,354
<b>Total Expenses</b>	<b>2,750,992</b>	<b>3,833,711</b>	<b>7,843,761</b>	<b>8,020,270</b>	<b>10,594,753</b>	<b>11,853,981</b>
Increase (Decrease)						
Before Transfers	1,118,840	(40,539)	1,850,954	2,037,041	2,969,794	1,996,502
Transfers	(359,600)	(114,207)	359,600	114,207	0	0
<b>Change in Net Position</b>	<b>759,240</b>	<b>(154,746)</b>	<b>2,210,554</b>	<b>2,151,248</b>	<b>2,969,794</b>	<b>1,996,502</b>
Net Position at Beginning of Year (Restated)	11,418,574	11,573,320	15,478,293	13,327,045	26,896,867	24,900,365
<b>Net Position End of Year</b>	<b>\$12,177,814</b>	<b>\$11,418,574</b>	<b>\$17,688,847</b>	<b>\$15,478,293</b>	<b>\$29,866,661</b>	<b>\$26,896,867</b>

**City of St. Clairsville**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
(Unaudited)

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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 61 percent of total revenue.

Governmental charges for services decreased \$114,608 primarily due to oil and gas royalties. Operating grants, contributions, and interest increased by \$60,957 for governmental activities as State resources for the Street Fund increased from the prior year.

Program expenses of governmental activities, decreased \$1,082,719 from 2018. The decrease was primarily due to changes related to net OPEB liability, primarily the Ohio Police & Fire Pension Fund (OP&F).

Transportation accounted for the largest share of governmental expenses for the City, approximately 54 percent.

Legislative and Executive accounted for the second largest share of governmental expenses for the City, approximately 20 percent in 2019. Leisure Time services accounted for 15 percent of governmental expenses in 2019.

Other program expenses for the City in 2019 were made up of security of persons and property – police, community and economic development, and public health services, cumulatively accounted for approximately 11 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	
	2019	2018	2019	2018
General Government				
Legislative and Executive	\$561,977	\$610,625	\$402,792	\$312,826
Security of Persons and Property				
Police	234,778	1,196,663	93,411	1,019,644
Public Health Services	38,548	29,392	38,548	29,392
Leisure Time Services	410,476	469,612	365,794	440,132
Community and				
Economic Development	20,579	6,834	(12,648)	6,834
Transportation	1,482,058	1,513,819	1,014,398	1,119,235
Interest and Fiscal Charges	2,576	6,766	2,576	6,766
<b>Total Expenses</b>	<b>\$2,750,992</b>	<b>\$3,833,711</b>	<b>\$1,904,871</b>	<b>\$2,934,829</b>

For 2019, approximately 70 percent of expenses were supported through taxes and other general revenues.

**City of St. Clairsville**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
(Unaudited)

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**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 \$9,461,968 or approximately 98 percent of total business-type revenues. For business-type activities, capital grants and contributions decreased \$218,553, as the City has drawn the majority of the grant funding for the new water tank project.

**Analyzing the City of St. Clairsville's Funds**

Information about the City's governmental funds begins on page 16. 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 \$1,784,154 in revenues and \$530,321 in expenditures, resulting in a fund balance increase of \$1,253,837. The increase is primarily due to General Fund not making transfers to other funds of the City. The Police Fund had \$689,666 in revenues and \$1,006,668 in expenditures, resulting in a fund balance decrease of \$317,002, as the fund did not receive General Fund transfers to provide resources as it had in the prior year. The Street Fund had \$451,137 in revenues and \$652,340 in expenditures, resulting in a fund balance decrease of \$201,203, as the General Fund did not provide additional resources as it had in the prior year. The Permanent Improvement Fund had \$689,931 in revenues and \$557,015 in expenditures, which resulted in the fund balance increase of \$132,916. The increase in fund balance was modest compared to the prior year even as the fund made more capital contributions to the proprietary funds in 2019.

Information about the proprietary funds starts on page 23. 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 \$1,417,969, and operating expenses in the amount of \$984,562. Overall, including non-operating expenses and capital contributions, the Water Fund's net position increased \$680,423, primarily due to increases in revenues from rate increases. The Sewer Fund had operating revenues in the amount of \$1,353,682 and operating expenses in the amount of \$1,188,663. Overall, including non-operating expenses, and capital contributions, the Sewer Fund's net position increased \$388,352, primarily due to increases in revenues from rate increases. The Light Fund had operating revenues in the amount of \$6,752,961 and operating expenses in the amount of \$5,508,641. Overall, including non-operating expenses, the Light Fund's net position increased \$1,141,779, primarily due to decreases in purchased power expenses.

**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 2019, the City did amended its General Fund appropriations 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.

**City of St. Clairsville**  
*Management's Discussion and Analysis*  
For the Year Ended December 31, 2019  
(Unaudited)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of year 2019, the City's governmental and business-type activities had \$29,489,975 in land, land improvements, buildings and improvements, machinery and equipment, infrastructure, and vehicles, net of depreciation. Table 4 shows 2019 balances compared with 2018.

Table 4  
Capital Assets Net of Depreciation

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$1,360,478	\$1,360,478	\$305,596	\$305,596	\$1,666,074	\$1,666,074
Construction In Progress	15,282	14,200	1,677,220	139,756	1,692,502	153,956
Land Improvements	1,991,150	2,175,808	34,423	36,382	2,025,573	2,212,190
Buildings and Improvements	379,051	352,106	1,173,142	985,213	1,552,193	1,337,319
Machinery and Equipment	407,819	442,752	670,454	765,946	1,078,273	1,208,698
Infrastructure	5,940,995	6,457,087	14,831,177	15,213,018	20,772,172	21,670,105
Vehicles	210,606	248,501	492,583	553,692	703,189	802,193
<b>Total</b>	<b>\$10,305,381</b>	<b>\$11,050,932</b>	<b>\$19,184,595</b>	<b>\$17,999,603</b>	<b>\$29,489,976</b>	<b>\$29,050,535</b>

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, 2019, was \$7,140,824 with \$480,648 due within one year. Table 5 summarizes outstanding debt.

Table 5  
Outstanding Debt at Year End

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$70,648	\$76,082	\$4,187,862	\$4,516,286	\$4,258,510	\$4,592,368
OPWC Loans	200,632	219,516	230,768	170,808	431,400	390,324
OWDA Loans	0	0	2,438,937	1,692,510	2,438,937	1,692,510
Capital Leases	11,977	35,550	0	0	11,977	35,550
<b>Total</b>	<b>\$283,257</b>	<b>\$331,148</b>	<b>\$6,857,567</b>	<b>\$6,379,604</b>	<b>\$7,140,824</b>	<b>\$6,710,752</b>

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



**City of St. Clairsville**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2019*  
(Unaudited)

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**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 Annette Williams, Finance Director, 100 North Market Street, St. Clairsville, Ohio 43950.

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**City of St. Clairsville  
Statement of Net Position  
December 31, 2019**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$3,605,327	\$6,223,442	\$9,828,769
Cash and Cash Equivalents in Segregated Accounts	4,976	713,431	718,407
Accounts Receivable	26,799	903,148	929,947
Accrued Interest Receivable	3,150	0	3,150
Income Taxes Receivable	530,896	0	530,896
Intergovernmental Receivable	304,689	0	304,689
Property Taxes Receivable	1,032,065	0	1,032,065
Materials and Supplies Inventory	15,800	371,347	387,147
Prepaid Items	26,136	19,786	45,922
Loans Receivable	587,384	0	587,384
Unamortized Bond Insurance Premium	168	9,976	10,144
Assets Held for Resale	32,955	0	32,955
Nondepreciable Capital Assets	1,375,760	1,982,816	3,358,576
Depreciable Capital Assets, Net	8,929,621	17,201,779	26,131,400
<i>Total Assets</i>	<u>16,475,726</u>	<u>27,425,725</u>	<u>43,901,451</u>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred Charge on Refunding	3,867	137,568	141,435
Pension	828,493	567,472	1,395,965
OPEB	196,419	68,960	265,379
<i>Total Deferred Outflows of Resources</i>	<u>1,028,779</u>	<u>774,000</u>	<u>1,802,779</u>
<b><u>Liabilities</u></b>			
Accounts Payable	4,545	403,645	408,190
Accrued Wages and Benefits Payable	22,793	29,308	52,101
Payroll Withholdings	3,456	0	3,456
Intergovernmental Payable	406	2,309	2,715
Accrued Interest Payable	1,651	60,528	62,179
Refundable Deposits	0	37,549	37,549
Long-Term Liabilities:			
Due Within One Year	53,284	455,653	508,937
Due in More Than One Year:			
Net Pension Liability	2,834,776	1,977,558	4,812,334
Net OPEB Liability	719,969	879,305	1,599,274
Other Amounts	358,896	6,452,056	6,810,952
<i>Total Liabilities</i>	<u>3,999,776</u>	<u>10,297,911</u>	<u>14,297,687</u>
<b><u>Deferred Inflows of Resources</u></b>			
Property Taxes	1,025,005	0	1,025,005
Pension	161,161	135,662	296,823
OPEB	140,749	77,305	218,054
<i>Total Deferred Inflows of Resources</i>	<u>1,326,915</u>	<u>212,967</u>	<u>1,539,882</u>
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	10,026,159	12,787,484	22,813,643
Restricted for:			
Debt Service	0	319,231	319,231
Capital Outlay	809,280	0	809,280
Community Development	884,818	0	884,818
Police Operations	228,410	0	228,410
Street	350,114	0	350,114
Recreation	77,419	0	77,419
Other Purposes	35,964	0	35,964
Unrestricted (Deficit)	(234,350)	4,582,132	4,347,782
<i>Total Net Position</i>	<u>\$12,177,814</u>	<u>\$17,688,847</u>	<u>\$29,866,661</u>

See accompanying notes to the basic financial statements

**City of St. Clairsville  
Statement of Activities  
For the Year Ended December 31, 2019**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<b><u>Governmental Activities</u></b>				
General Government				
Legislative and Executive	\$561,977	\$159,185	\$0	\$0
Security of Persons and Property - Police	234,778	70,439	70,928	0
Public Health Services	38,548	0	0	0
Leisure Time Services	410,476	44,682	0	0
Community and Economic Development	20,579	33,227	0	0
Transportation	1,482,058	53,607	414,053	0
Interest and Fiscal Charges	2,576	0	0	0
<i>Total Governmental Activities</i>	<u>2,750,992</u>	<u>361,140</u>	<u>484,981</u>	<u>0</u>
<b><u>Business-Type Activities</u></b>				
Water	990,139	1,405,820	0	170,103
Sewer	1,242,440	1,339,096	0	0
Light	5,611,182	6,717,052	0	0
<i>Total Business-Type Activities</i>	<u>7,843,761</u>	<u>9,461,968</u>	<u>0</u>	<u>170,103</u>
<i>Total Primary Government</i>	<u>\$10,594,753</u>	<u>\$9,823,108</u>	<u>\$484,981</u>	<u>\$170,103</u>

**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  
Investment Earnings  
Oil and Gas Lease Bonus  
Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position at Beginning of Year - Restated (Note 3)*

*Net Position at 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
(\$402,792)	\$0	(\$402,792)
(93,411)	0	(93,411)
(38,548)	0	(38,548)
(365,794)	0	(365,794)
12,648	0	12,648
(1,014,398)	0	(1,014,398)
(2,576)	0	(2,576)
(1,904,871)	0	(1,904,871)
0	585,784	585,784
0	96,656	96,656
0	1,105,870	1,105,870
0	1,788,310	1,788,310
(1,904,871)	1,788,310	(116,561)
490,173	0	490,173
521,841	0	521,841
681,267	0	681,267
681,266	0	681,266
185,636	0	185,636
192,677	0	192,677
43,560	0	43,560
130,279	0	130,279
97,012	62,644	159,656
3,023,711	62,644	3,086,355
(359,600)	359,600	0
2,664,111	422,244	3,086,355
759,240	2,210,554	2,969,794
11,418,574	15,478,293	26,896,867
<u>\$12,177,814</u>	<u>\$17,688,847</u>	<u>\$29,866,661</u>

See accompanying notes to the basic financial statements

**City of St. Clairsville  
Balance Sheet  
Governmental Funds  
December 31, 2019**

	General	Police	Street	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$1,998,656	\$244,352	\$179,503	\$543,832	\$624,994	\$3,591,337
Cash and Cash Equivalents in Segregated Accounts	2,546	0	0	0	2,430	4,976
Accounts Receivable	26,799	0	0	0	0	26,799
Accrued Interest Receivable	2,632	0	518	0	0	3,150
Intergovernmental Receivable	88,596	35,113	180,980	0	0	304,689
Income Taxes Receivable	265,448	0	0	265,448	0	530,896
Prepaid Items	6,951	13,435	4,046	0	1,704	26,136
Materials and Supplies Inventory	0	2,025	13,775	0	0	15,800
Interfund Receivable	68,561	0	0	0	0	68,561
Property Taxes Receivable	497,811	534,254	0	0	0	1,032,065
Loans Receivable	0	0	0	0	587,384	587,384
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	13,990	0	0	0	0	13,990
Assets Held for Resale	0	0	0	0	32,955	32,955
<b>Total Assets</b>	<b>\$2,971,990</b>	<b>\$829,179</b>	<b>\$378,822</b>	<b>\$809,280</b>	<b>\$1,249,467</b>	<b>\$6,238,738</b>
<b><u>Liabilities</u></b>						
Accounts Payable	\$2,498	\$1,672	\$134	\$0	\$241	\$4,545
Accrued Wages and Benefits Payable	2,946	13,711	4,443	0	1,693	22,793
Intergovernmental Payable	406	0	0	0	0	406
Interfund Payable	0	0	0	0	68,561	68,561
Payroll Withholdings	3,456	0	0	0	0	3,456
<b>Total Liabilities</b>	<b>9,306</b>	<b>15,383</b>	<b>4,577</b>	<b>0</b>	<b>70,495</b>	<b>99,761</b>
<b><u>Deferred Inflows of Resources</u></b>						
Property Taxes	494,437	530,568	0	0	0	1,025,005
Unavailable Revenue	233,124	38,799	118,280	164,186	0	554,389
<b>Total Deferred Inflows of Resources</b>	<b>727,561</b>	<b>569,367</b>	<b>118,280</b>	<b>164,186</b>	<b>0</b>	<b>1,579,394</b>
<b><u>Fund Balances</u></b>						
Nonspendable:						
Materials and Supplies Inventory	0	2,025	13,775	0	0	15,800
Prepaid Items	6,951	13,435	4,046	0	1,704	26,136
Unclaimed Monies	13,990	0	0	0	0	13,990
Restricted for:						
Capital Outlay	0	0	0	645,094	0	645,094
Community Development	0	0	0	0	884,818	884,818
Police Operations	0	228,969	0	0	0	228,969
Street	0	0	238,144	0	0	238,144
Recreation	0	0	0	0	76,756	76,756
Other Purposes	0	0	0	0	21,974	21,974
Committed to:						
Capital Projects	0	0	0	0	229,326	229,326
Assigned to:						
Encumbrances	1,639,619	0	0	0	0	1,639,619
Unassigned (Deficit)	574,563	0	0	0	(35,606)	538,957
<b>Total Fund Balances</b>	<b>2,235,123</b>	<b>244,429</b>	<b>255,965</b>	<b>645,094</b>	<b>1,178,972</b>	<b>4,559,583</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$2,971,990</b>	<b>\$829,179</b>	<b>\$378,822</b>	<b>\$809,280</b>	<b>\$1,249,467</b>	<b>\$6,238,738</b>

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, 2019**

<b>Total Governmental Fund Balances</b>		\$4,559,583
<i>Amounts reported for governmental activities on the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		10,305,381
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:		
Delinquent Property Taxes	7,060	
Income Taxes	328,372	
Intergovernmental	218,957	
Total	554,389	554,389
Unamortized bond insurance premiums do not provide current financial resources, and therefore are not reported in the funds.		168
The unamortized portion of the difference on refunding represents deferred charges on refunding, which are not reported in the funds.		3,867
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(1,651)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General Obligation Bonds	65,000	
Bond Premium	5,648	
OPWC Loans Payable	200,632	
Capital Leases	11,977	
Compensated Absences	128,923	
Total	(412,180)	(412,180)
The net pension and OPEB liabilities are not due and payable in the current period; therefore the liabilities and related deferred inflows and outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	828,493	
Deferred Outflows - OPEB	196,419	
Net Pension Liability	(2,834,776)	
Net OPEB Liability	(719,969)	
Deferred Inflows - Pension	(161,161)	
Deferred Inflows - OPEB	(140,749)	
Total	(2,831,743)	(2,831,743)
<b>Net Position of Governmental Activities</b>		<b>\$12,177,814</b>

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, 2019**

	General	Police	Street	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$490,173	\$521,841	\$0	\$0	\$0	\$1,012,014
Income Taxes	689,932	0	0	689,931	0	1,379,863
Kilowatt per Hour Taxes	185,636	0	0	0	0	185,636
Permissive Motor Vehicle License Taxes	0	0	53,607	0	0	53,607
Charges for Services	256	67,498	0	0	44,682	112,436
Licenses and Permits	107,701	0	0	0	0	107,701
Fines and Forfeitures	29,263	0	0	0	2,941	32,204
Intergovernmental	191,078	71,396	377,428	0	120	640,022
Interest	37,093	0	6,467	0	0	43,560
Rent and Royalties	22,221	0	0	0	32,971	55,192
Oil and Gas Lease Bonus	0	0	0	0	130,279	130,279
Contributions and Donations	0	0	0	0	2,766	2,766
Other	30,801	28,931	13,635	0	20,879	94,246
<i>Total Revenues</i>	<u>1,784,154</u>	<u>689,666</u>	<u>451,137</u>	<u>689,931</u>	<u>234,638</u>	<u>3,849,526</u>
<b>Expenditures</b>						
Current:						
General Government - Legislative and Executive	477,638	0	0	21,895	0	499,533
Security of Persons and Property - Police	0	980,730	0	0	0	980,730
Public Health Services	38,548	0	0	0	0	38,548
Leisure Time Services	0	0	0	0	190,310	190,310
Community and Economic Development	14,135	0	0	0	0	14,135
Transportation	0	0	633,456	0	0	633,456
Capital Outlay	0	0	0	535,120	92,039	627,159
Debt Service:						
Principal Retirement	0	23,573	18,884	0	5,000	47,457
Interest and Fiscal Charges	0	2,365	0	0	2,300	4,665
<i>Total Expenditures</i>	<u>530,321</u>	<u>1,006,668</u>	<u>652,340</u>	<u>557,015</u>	<u>289,649</u>	<u>3,035,993</u>
Excess of Revenues Over (Under) Expenditures	<u>1,253,833</u>	<u>(317,002)</u>	<u>(201,203)</u>	<u>132,916</u>	<u>(55,011)</u>	<u>813,533</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	0	0	0	0	7,300	7,300
Transfers Out	0	0	0	0	(7,300)	(7,300)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	1,253,833	(317,002)	(201,203)	132,916	(55,011)	813,533
<i>Fund Balances at Beginning of Year - Restated (Note 3)</i>	<u>981,290</u>	<u>561,431</u>	<u>457,168</u>	<u>512,178</u>	<u>1,233,983</u>	<u>3,746,050</u>
<i>Fund Balances at End of Year</i>	<u>\$2,235,123</u>	<u>\$244,429</u>	<u>\$255,965</u>	<u>\$645,094</u>	<u>\$1,178,972</u>	<u>\$4,559,583</u>

See accompanying notes to the basic financial statements



**City of St. Clairsville**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2019**

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$813,533</b>
<i>Amounts reported for governmental activities on the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year:		
Capital Asset Additions	286,719	
Depreciation	(952,630)	
Total		(665,911)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.		
		(79,640)
Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Income Taxes	(17,330)	
Intergovernmental	37,636	
Total		20,306
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	23,573	
Total		47,457
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	1,965	
Amortization of Bond Premium	434	
Amortization of Bond Insurance Premium	(13)	
Amortization of Deferred amount on Refunding	(297)	
Total		2,089
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.		
		834
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	175,377	
OPEB	2,604	
Total		177,981
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	(429,542)	
OPEB	872,133	
Total		442,591
<b>Change in Net Position of Governmental Activities</b>		<b>\$759,240</b>

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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Property Taxes	\$485,000	\$485,000	\$490,173	\$5,173
Income Taxes	575,000	575,000	688,801	113,801
Kilowatt per Hour Taxes	185,000	185,000	185,636	636
Licenses and Permits	141,500	141,500	107,930	(33,570)
Fines and Forfeitures	0	0	27,863	27,863
Intergovernmental	123,500	123,500	189,623	66,123
Interest	20,000	20,000	37,093	17,093
Rent and Royalties	0	0	22,221	22,221
Other	0	0	30,801	30,801
<i>Total Revenues</i>	<u>1,530,000</u>	<u>1,530,000</u>	<u>1,780,141</u>	<u>250,141</u>
<b><u>Expenditures</u></b>				
Current:				
General Government - Legislative and Executive	779,500	839,500	497,481	342,019
Public Health Services	25,700	25,700	25,699	1
Community and Economic Development	17,400	17,400	13,947	3,453
<i>Total Expenditures</i>	<u>822,600</u>	<u>882,600</u>	<u>537,127</u>	<u>345,473</u>
Excess of Revenues Over Expenditures	707,400	647,400	1,243,014	(95,332)
<b><u>Other Financing Uses</u></b>				
Transfers Out	(1,462,518)	(1,402,518)	0	1,402,518
Net Change in Fund Balance	(755,118)	(755,118)	1,243,014	1,307,186
<i>Fund Balance at Beginning of Year</i>	<u>769,632</u>	<u>769,632</u>	<u>769,632</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$14,514</u>	<u>\$14,514</u>	<u>\$2,012,646</u>	<u>\$1,307,186</u>

See accompanying notes to the basic financial statements

**City of St. Clairsville**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Police Fund**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Property Taxes	\$550,000	\$550,000	\$521,841	(\$28,159)
Charges for Services	50,000	50,000	67,498	17,498
Intergovernmental	0	0	71,396	71,396
Other	0	0	28,931	28,931
<b>Total Revenues</b>	<b>600,000</b>	<b>600,000</b>	<b>689,666</b>	<b>89,666</b>
<b><u>Expenditures</u></b>				
Current:				
Security of Persons and Property - Police	1,420,200	1,420,200	980,333	439,867
Debt Service:				
Principal Retirement	23,574	23,574	23,573	1
Interest and Fiscal Charges	2,400	2,400	2,365	35
<b>Total Expenditures</b>	<b>1,446,174</b>	<b>1,446,174</b>	<b>1,006,271</b>	<b>439,903</b>
Excess of Revenues Under Expenditures	(846,174)	(846,174)	(316,605)	(350,237)
<b><u>Other Financing Sources</u></b>				
Transfers In	285,218	285,218	0	285,218
Net Change in Fund Balance	(560,956)	(560,956)	(316,605)	(65,019)
Fund Balance at Beginning of Year	560,957	560,957	560,957	0
Fund Balance at End of Year	<u>\$1</u>	<u>\$1</u>	<u>\$244,352</u>	<u>(\$65,019)</u>

See accompanying notes to the basic financial statements

**City of St. Clairsville**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual**  
**Street Fund**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Permissive Motor Vehicle License Tax	\$0	\$0	\$49,799	\$49,799
Intergovernmental	280,000	330,000	361,479	31,479
Interest	0	0	6,467	6,467
Other	0	0	13,635	13,635
<i>Total Revenues</i>	<u>280,000</u>	<u>330,000</u>	<u>431,380</u>	<u>101,380</u>
<b><u>Expenditures</u></b>				
Current:				
Transportation	904,199	954,199	634,728	319,471
Debt Service:				
Principal Retirement	18,884	18,884	18,884	0
<i>Total Expenditures</i>	<u>923,083</u>	<u>973,083</u>	<u>653,612</u>	<u>319,471</u>
Excess of Revenues Under Expenditures	(643,083)	(643,083)	(222,232)	(218,091)
<b><u>Other Financing Sources</u></b>				
Transfers In	241,947	241,947	0	(241,947)
Net Change in Fund Balance	(401,136)	(401,136)	(222,232)	(460,038)
<i>Fund Balance at Beginning of Year</i>	<u>401,735</u>	<u>401,735</u>	<u>401,735</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$599</u></u>	<u><u>\$599</u></u>	<u><u>\$179,503</u></u>	<u><u>(\$460,038)</u></u>

See accompanying notes to the basic financial statements

**City of St. Clairsville**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	Water	Sewer	Light	Total Enterprise
<b><u>Assets</u></b>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,307,261	\$936,091	\$3,942,541	\$6,185,893
Cash and Cash Equivalents in Segregated Accounts	118,273	111,727	483,431	713,431
Accounts Receivable	131,499	130,194	641,455	903,148
Prepaid Items	5,934	5,934	7,918	19,786
Materials and Supplies Inventory	81,922	20,230	269,195	371,347
Unamortized Bond Insurance Premium	447	282	9,247	9,976
<i>Total Current Assets</i>	<u>1,645,336</u>	<u>1,204,458</u>	<u>5,353,787</u>	<u>8,203,581</u>
Non-Current Assets:				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	20,182	15,446	1,921	37,549
Nondepreciable Capital Assets	1,617,929	59,291	305,596	1,982,816
Depreciable Capital Assets, Net	4,121,526	8,322,199	4,758,054	17,201,779
<i>Total Non-Current Assets</i>	<u>5,759,637</u>	<u>8,396,936</u>	<u>5,065,571</u>	<u>19,222,144</u>
<i>Total Assets</i>	<u>7,404,973</u>	<u>9,601,394</u>	<u>10,419,358</u>	<u>27,425,725</u>
<b><u>Deferred Outflows of Resources</u></b>				
Deferred Charge on Refunding	9,080	6,841	121,647	137,568
Pension	182,371	184,492	200,609	567,472
OPEB	22,245	22,245	24,470	68,960
<i>Total Deferred Outflows of Resources</i>	<u>213,696</u>	<u>213,578</u>	<u>346,726</u>	<u>774,000</u>
<b><u>Liabilities</u></b>				
Current Liabilities:				
Accounts Payable	21,781	17,439	364,425	403,645
Accrued Wages and Benefits Payable	10,097	7,966	11,245	29,308
Intergovernmental Payable	1,497	7,369	406	9,272
Accrued Interest Payable	2,673	1,808	56,047	60,528
Current Portion Compensated Absences Payable	45	911	2,947	3,903
Current Portion General Obligation Bonds Payable	10,000	10,000	280,000	300,000
Current Portion OPWC Loans Payable	2,844	23,301	0	26,145
Current Portion OWDA Loans Payable	24,614	94,028	0	118,642
<i>Total Current Liabilities</i>	<u>73,551</u>	<u>162,822</u>	<u>715,070</u>	<u>951,443</u>
Long-Term Liabilities (Net of Current Portion):				
Refundable Deposits Payable from Restricted Assets	20,182	15,446	1,921	37,549
Compensated Absences Payable	290	5,829	18,864	24,983
General Obligation Bonds Payable	173,813	114,857	3,599,192	3,887,862
OPWC Loans Payable	102,283	102,340	0	204,623
OWDA Loans Payable	815,841	1,504,454	0	2,320,295
Intergovernmental Payable	0	14,293	0	14,293
Net Pension Liability	637,923	637,923	701,712	1,977,558
Net OPEB Liability	283,646	283,646	312,013	879,305
<i>Total Long-Term Liabilities</i>	<u>2,033,978</u>	<u>2,678,788</u>	<u>4,633,702</u>	<u>9,346,468</u>
<i>Total Liabilities</i>	<u>2,107,529</u>	<u>2,841,610</u>	<u>5,348,772</u>	<u>10,297,911</u>
<b><u>Deferred Inflows of Resources</u></b>				
Pension	45,309	40,510	49,843	135,662
OPEB	26,444	21,773	29,088	77,305
<i>Total Deferred Inflows of Resources</i>	<u>71,753</u>	<u>62,283</u>	<u>78,931</u>	<u>212,967</u>
<b><u>Net Position</u></b>				
Net Investment in Capital Assets	4,619,587	6,586,608	1,581,289	12,787,484
Restricted for Debt Service	18,310	186,369	114,552	319,231
Unrestricted	801,490	138,102	3,642,540	4,582,132
<i>Total Net Position</i>	<u>\$5,439,387</u>	<u>\$6,911,079</u>	<u>\$5,338,381</u>	<u>\$17,688,847</u>

See accompanying notes to the basic financial statements

**City of St. Clairsville**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	Water	Sewer	Light	Total Enterprise
<b><u>Operating Revenues</u></b>				
Charges for Services	\$1,405,820	\$1,339,096	\$6,717,052	\$9,461,968
Other	12,149	14,586	35,909	62,644
<i>Total Operating Revenues</i>	<u>1,417,969</u>	<u>1,353,682</u>	<u>6,752,961</u>	<u>9,524,612</u>
<b><u>Operating Expenses</u></b>				
Personal Services	533,792	545,474	596,275	1,675,541
Contractual Services	100,499	152,657	90,571	343,727
Purchased Power	0	0	4,308,746	4,308,746
Materials and Supplies	182,357	166,447	247,112	595,916
Depreciation	167,914	324,085	265,937	757,936
<i>Total Operating Expenses</i>	<u>984,562</u>	<u>1,188,663</u>	<u>5,508,641</u>	<u>7,681,866</u>
<i>Operating Income</i>	433,407	165,019	1,244,320	1,842,746
<b><u>Non-Operating Expenses</u></b>				
Interest and Fiscal Charges	(5,577)	(53,777)	(102,541)	(161,895)
<i>Income Before Contributions</i>	427,830	111,242	1,141,779	1,680,851
Capital Contributions	252,593	277,110	0	529,703
<i>Change in Net Position</i>	680,423	388,352	1,141,779	2,210,554
<i>Net Position at Beginning of Year</i>	4,758,964	6,522,727	4,196,602	15,478,293
<i>Net Position at End of Year</i>	<u>\$5,439,387</u>	<u>\$6,911,079</u>	<u>\$5,338,381</u>	<u>\$17,688,847</u>

See accompanying notes to the basic financial statements

**City of St. Clairsville**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	Water	Sewer	Light	Total Enterprise
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b><u>Cash Flows from Operating Activities</u></b>				
Cash Received from Customers	\$1,380,856	\$1,314,429	\$6,706,719	\$9,402,004
Cash Payments for Employee Services and Benefits	(446,237)	(444,403)	(502,355)	(1,392,995)
Cash Payments for Goods and Services	(263,873)	(314,841)	(300,518)	(879,232)
Cash Payments for Purchased Power	0	0	(4,744,029)	(4,744,029)
Utility Deposits Paid	(1,593)	(1,218)	(151)	(2,962)
Other Operating Revenues	12,149	14,586	35,909	62,644
<i>Net Cash Provided by Operating Activities</i>	681,302	568,553	1,195,575	2,445,430
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Cash Received for Kilowatt per Hour Taxes	0	0	30,404	30,404
Cash Payments of Kilowatt per Hour Taxes	0	0	(30,404)	(30,404)
<i>Net Cash Provided by Noncapital Activities</i>	0	0	0	0
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Payments for Capital Acquisitions	(1,583,328)	0	0	(1,583,328)
Capital Grants	558,759	0	0	558,759
Proceeds of OPWC Loans	85,588	0	0	85,588
Proceeds of OWDA Loans	840,455	0	0	840,455
Principal Paid on General Obligation Bonds	(10,000)	(5,000)	(280,000)	(295,000)
Principal Paid on OPWC Loans	(2,788)	(22,840)	0	(25,628)
Principal Paid on OWDA Loans	0	(94,028)	0	(94,028)
Interest Paid on Debt	(6,233)	(54,209)	(129,150)	(189,592)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(117,547)	(176,077)	(409,150)	(702,774)
Net Increase in Cash and Cash Equivalents	563,755	392,476	786,425	1,742,656
<i>Cash and Cash Equivalents at Beginning of Year</i>	881,961	670,788	3,641,468	5,194,217
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$1,445,716</u>	<u>\$1,063,264</u>	<u>\$4,427,893</u>	<u>\$6,936,873</u>

(Continued)

See accompanying notes to the basic financial statements

**City of St. Clairsville**  
**Statement of Cash Flows**  
**Proprietary Funds (Continued)**  
**For the Year Ended December 31, 2019**

	Water	Sewer	Light	Total Enterprise
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>				
Operating Income	\$433,407	\$165,019	\$1,244,320	\$1,842,746
<b><u>Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities</u></b>				
Depreciation	167,914	324,085	265,937	757,936
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Increase in Accounts Receivable	(16,181)	(17,946)	(9,497)	(43,624)
Increase in Prepaid Items	(3,204)	(1,765)	(4,688)	(9,657)
Decrease in Materials and Supplies Inventory	0	0	38,618	38,618
Decrease in Deferred Outflows of Resources - Pension	142,738	144,960	157,011	444,709
Decrease in Deferred Outflows of Resources - OPEB	14,983	14,983	16,482	46,448
Increase in Accrued Wages and Benefits Payable	1,531	2,085	3,722	7,338
Increase (Decrease) in Accounts Payable	21,781	12,219	(432,454)	(398,454)
Increase (Decrease) in Compensated Absences Payable	125	1,392	(4,291)	(2,774)
Increase (Decrease) in Intergovernmental Payable	406	(6,191)	406	(5,379)
Decrease in Refundable Deposits Payable	(10,376)	(7,939)	(987)	(19,302)
Decrease in Net Pension Liability	(692)	(692)	(762)	(2,146)
Increase in Net OPEB Liability	15,538	15,538	17,092	48,168
Decrease in Deferred Inflows of Resources - Pension	(66,525)	(61,332)	(73,177)	(201,034)
Decrease in Deferred Inflows of Resources - OPEB	(20,143)	(15,863)	(22,157)	(58,163)
Total Adjustments	247,895	403,534	(48,745)	602,684
<i>Net Cash Provided by Operating Activities</i>	<u>\$681,302</u>	<u>\$568,553</u>	<u>\$1,195,575</u>	<u>\$2,445,430</u>

**Noncash Activities:**

The Water Fund had an accrual of \$388,646 for capital grants receivable from the prior year.

See accompanying notes to the basic financial statements



**City of St. Clairsville**  
**Statement of Fiduciary Net Position**  
**Custodial Funds**  
**December 31, 2019**

<b><u>Assets</u></b>	
Cash and Cash Equivalents in Segregated Accounts	<u>\$328</u>
<i>Total Assets</i>	<u><u>\$328</u></u>
<b><u>Liabilities</u></b>	
Intergovernmental Payable	<u>\$328</u>
<i>Total Liabilities</i>	<u><u>\$328</u></u>
See accompanying notes to the basic financial statements	

**City of St. Clairsville**  
**Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended 12/31/2019**

**Additions**

Fines and Forfeitures for Other Governments	\$328
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**Deductions**

Distributions to the State of Ohio	328
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Change in Fiduciary Net Position	0
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<i>Net Position at Beginning of the Year - Restated (Note 3)</i>	0
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<i>Net Position at End of the Year</i>	\$0
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See accompanying notes to the basic financial statements

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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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 composed 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.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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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)  
Regional Income Tax Agency (RITA)

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

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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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 and reports 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.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
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**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 (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's fiduciary funds are custodial funds. The City's custodial fund account for Mayor's Court collections that are distributed to the State of Ohio.

**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 reconciliations 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 and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

**City of St. Clairsville**  
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For proprietary funds, the Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Proprietary funds also present a Statement of Cash Flows which provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

***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 and the statements presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

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, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there

**City of St. Clairsville**  
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is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 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, and 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 17. 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 position 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 custodial 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.



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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 in a central bank account. 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."

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury.

During 2019, 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 2019 amounted to \$37,093, which includes \$31,200 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 expensed/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.

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***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***

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. 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, and construction in process 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
Infrastructure	15-75 Years
Vehicles	8-15 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.

**City of St. Clairsville**  
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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. No such eliminations are reported for 2019.

***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, as the balances can be carried beyond the year of accrual.

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.

***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, and compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, capital leases, and long-term loans are recognized as a liability on the government fund financial statements when due. 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.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
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***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.

**City of St. Clairsville**  
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***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.

**City of St. Clairsville**  
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***V. Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 - CHANGES IN ACCOUNTING PRINCIPLES/RESTATEMENT OF FUND BALANCE AND NET POSITION**

***Changes in Accounting Principles***

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The City evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For 2019, the City implemented GASB Statement No. 84, *Fiduciary Activities*; Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

For 2019, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the City's financial statements.

GASB Statement 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the City's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

**City of St. Clairsville**  
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***Restatement of Fund Balances and Net Position***

The implementation of GASB Statement No. 84 had the following effect on fund balance as of December 31, 2018:

	<u>General</u>	<u>Police</u>	<u>Street</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund Balances						
December 31, 2018	\$980,400	\$561,431	\$457,168	\$512,178	\$1,233,983	\$3,745,160
Adjustments						
GASB Statement 84	<u>890</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>890</u>
Restated Fund Balances						
December 31, 2018	<u>\$981,290</u>	<u>\$561,431</u>	<u>\$457,168</u>	<u>\$512,178</u>	<u>\$1,233,983</u>	<u>\$3,746,050</u>

The implementation of GASB Statement No. 84 had the following effect on net position as of December 31, 2018:

	<u>Governmental Activities</u>
Net Position	
December 31, 2018	\$11,417,684
Adjustments:	
GASB Statement 84	<u>890</u>
Restated Net Position	
December 31, 2018	<u>\$11,418,574</u>

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of December 31, 2018:

	<u>Fiduciary Funds</u>	
	<u>Agency</u>	<u>Custodial</u>
Net Position		
December 31, 2018	\$0	\$0
Adjustments:		
Assets	4,467	(4,347)
Liabilities	<u>4,467</u>	<u>(4,347)</u>
Restated Net Position		
December 31, 2018	<u>\$0</u>	<u>\$0</u>

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

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 Major Special Revenue funds.

Net Change in Fund Balances General and Major Special Revenue Funds			
	General	Police	Street
GAAP Basis	\$1,253,833	(\$317,002)	(\$201,203)
Revenue Accruals	(4,013)	0	(19,757)
Expenditure Accruals	(6,806)	397	(1,272)
Budget Basis	<u>\$1,243,014</u>	<u>(\$316,605)</u>	<u>(\$222,232)</u>

**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.



**City of St. Clairsville**  
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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, 2019, \$750,000 of the City's total bank balance of \$10,639,785 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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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 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes were levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by the State Law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2019, was \$12.10 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 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, 2019, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2019 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.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2019, consisted of taxes, accounts (billings for user charged services including unbilled utility services), accrued interest, 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 \$587,384. 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:

<u>Governmental Activities:</u>	
Local Government Funding	\$65,684
Homestead/Rollback Reimbursement	58,025
Motor Vehicle License and Gasoline Tax	<u>180,980</u>
Total Governmental Activities	<u>\$304,689</u>

**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.

The Regional Income Tax Agency (RITA) administers and collects income taxes for the City. Payments are remitted monthly net of collection fees of approximately 1.2 percent. See Note 17 for more information.

**City of St. Clairsville**  
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**NOTE 9 - CAPITAL ASSETS**

A summary of changes in capital assets during 2019 is as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<b><u>Governmental Activities:</u></b>				
Non Depreciable Capital Assets:				
Land	\$1,360,478	\$0	\$0	\$1,360,478
Construction in Progress	14,200	1,082	0	15,282
Total Non Depreciable Capital Assets	<u>1,374,678</u>	<u>1,082</u>	<u>0</u>	<u>1,375,760</u>
Depreciable Capital Assets:				
Land Improvements	4,656,851	0	0	4,656,851
Buildings and Improvements	1,361,721	57,214	0	1,418,935
Machinery and Equipment	695,077	10,968	0	706,045
Infrastructure	19,695,564	217,455	(1,472,647)	18,440,372
Vehicles	798,192	0	0	798,192
Total Depreciable Capital Assets	<u>27,207,405</u>	<u>285,637</u>	<u>(1,472,647)</u>	<u>26,020,395</u>
Accumulated Depreciation:				
Land Improvements	(2,481,043)	(184,658)	0	(2,665,701)
Buildings and Improvements	(1,009,615)	(30,269)	0	(1,039,884)
Machinery and Equipment	(252,325)	(45,901)	0	(298,226)
Infrastructure	(13,238,477)	(653,907)	1,393,007	(12,499,377)
Vehicles	(549,691)	(37,895)	0	(587,586)
Total Accumulated Depreciation	<u>(17,531,151)</u>	<u>(952,630)</u>	<u>1,393,007</u>	<u>(17,090,774)</u>
Total Depreciable Capital Assets, Net	<u>9,676,254</u>	<u>(666,993)</u>	<u>(79,640)</u>	<u>8,929,621</u>
Governmental Type Capital Assets, Net	<u>\$11,050,932</u>	<u>(\$665,911)</u>	<u>(\$79,640)</u>	<u>\$10,305,381</u>

Depreciation expense was charged to governmental functions as follows:

<b><u>Governmental Activities:</u></b>	
General Government - Legislative and Executive	\$29,313
Security of Persons and Property -	
Police	16,911
Leisure Time Activities	199,773
Transportation	703,909
Community and Economic Development	2,724
Total Depreciation Expense	<u>\$952,630</u>

**City of St. Clairsville**  
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	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<b><u>Business Type Activities:</u></b>				
Non Depreciable Capital Assets:				
Land	\$305,596	\$0	\$0	\$305,596
Construction in Progress	139,756	1,537,464	0	1,677,220
Total Non Depreciable Capital Assets	<u>445,352</u>	<u>1,537,464</u>	<u>0</u>	<u>1,982,816</u>
Depreciable Capital Assets:				
Land Improvements	67,975	0	0	67,975
Buildings and Improvements	2,438,234	269,551	0	2,707,785
Machinery and Equipment	2,637,897	0	0	2,637,897
Infrastructure	25,574,685	135,913	0	25,710,598
Vehicles	1,306,682	0	0	1,306,682
Total Depreciable Capital Assets	<u>32,025,473</u>	<u>405,464</u>	<u>0</u>	<u>32,430,937</u>
Accumulated Depreciation:				
Land Improvements	(31,593)	(1,959)	0	(33,552)
Buildings and Improvements	(1,453,021)	(81,622)	0	(1,534,643)
Machinery and Equipment	(1,871,951)	(95,492)	0	(1,967,443)
Infrastructure	(10,361,667)	(517,754)	0	(10,879,421)
Vehicles	(752,990)	(61,109)	0	(814,099)
Total Accumulated Depreciation	<u>(14,471,222)</u>	<u>(757,936)</u>	<u>0</u>	<u>(15,229,158)</u>
Total Depreciable Capital Assets, Net	<u>17,554,251</u>	<u>(352,472)</u>	<u>0</u>	<u>17,201,779</u>
Business Type Capital Assets, Net	<u>\$17,999,603</u>	<u>\$1,184,992</u>	<u>\$0</u>	<u>\$19,184,595</u>

Infrastructure additions included capital contributions from Governmental Activities in the amount of \$359,600.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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**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 2019, 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)	\$29,643,620
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.

***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.

**City of St. Clairsville**  
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**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 (asset) and the net OPEB liability (asset) 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 (asset) 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 (asset) 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 (asset). Resulting adjustments to the net pension/OPEB liability (asset) 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 as a *net pension/OPEB asset* or a long-term *net pension/OPEB 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.

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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 traditional 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):

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

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, current law provides for an annual cost of living adjustment (COLA). 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 on the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that 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



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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 annuitization of the benefit (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
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2019 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

- \* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- \*\* 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.

For 2019, the City’s contractually required contribution was \$201,126, 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](http://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.

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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, will receive a COLA equal to either 3 percent or the percent increase, if any, in the Consumer Price Index over the 13 month period ending on September 30<sup>th</sup> of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

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

	Police
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	19.50 %
Employee	12.25 %
 <b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$98,949 for 2019, 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 (asset) for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total

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pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability (asset) 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		
	<u>Traditional Plan</u>	<u>OP&amp;F</u>	
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.01164600%	0.01988000%	
Prior Measurement Date	<u>0.01304000%</u>	<u>0.02057900%</u>	
Change in Proportionate Share	<u>-0.00139400%</u>	<u>-0.00069900%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net Pension Liability	\$3,189,603	\$1,622,731	\$4,812,334
Pension Expense	578,728	217,041	795,769

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS		
	<u>Traditional Plan</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$147	\$66,671	\$66,818
Changes of assumptions	277,663	43,021	320,684
Net difference between projected and actual earnings on pension plan investments	432,918	199,919	632,837
Changes in proportion and differences between City contributions and proportionate share of contributions	2,122	73,429	75,551
City contributions subsequent to the measurement date	<u>201,126</u>	<u>98,949</u>	<u>300,075</u>
Total Deferred Outflows of Resources	<u>\$913,976</u>	<u>\$481,989</u>	<u>\$1,395,965</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$44,003	\$1,515	\$45,518
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>184,670</u>	<u>66,635</u>	<u>251,305</u>
Total Deferred Inflows of Resources	<u>\$228,673</u>	<u>\$68,150</u>	<u>\$296,823</u>

\$300,075 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 2020. Other amounts

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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:			
2020	\$178,300	\$99,027	\$277,327
2021	64,376	55,310	119,686
2022	40,165	57,869	98,034
2023	201,336	95,458	296,794
2024	0	7,226	7,226
Total	\$484,177	\$314,890	\$799,067

***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, 2018, 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, 2018, 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	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change was effective beginning with the 2018 valuation.

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

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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 2018, 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 a loss of 2.94 percent for 2018.

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 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	<u>100.00 %</u>	<u>5.95 %</u>

**Discount Rate** For 2018, the discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. For 2017, 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 for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

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***Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate***

The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
<b>City's proportionate share of the net pension liability (asset)</b>			
OPERS Traditional Plan	\$4,711,972	\$3,189,603	\$1,924,502

***Actuarial Assumptions – OP&F***

OP&F's total pension liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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, 2018, are presented below.

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
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
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases 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
67 or less	77 %
68-77	105
78 and up	115

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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
59 or less	35 %
60-69	60
70-79	75
80 and up	100

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

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, 2018, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation Linked Bonds*	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
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.

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**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 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 of 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	\$2,132,971	\$1,622,731	\$1,196,356

**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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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.



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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 allowing 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. Beginning in 2018, health care was no longer being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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. As recommended by OPERS' actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. 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 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contributions for 2019.

***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 health care 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. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental 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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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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.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2019, 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.

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 \$2,604 for 2019, 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, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. 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:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.010878%	0.0198800%	
Prior Measurement Date	<u>0.012200%</u>	<u>0.0205790%</u>	
Change in Proportionate Share	<u>-0.0013220%</u>	<u>-0.0006990%</u>	
Proportionate Share of the Net Pension Liability	\$1,418,236	\$181,038	<u>Total</u>
OPEB Expense	\$51,896	(\$887,576)	(\$835,680)

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At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$480	\$0	\$480
Changes of assumptions	45,726	93,841	139,567
Net difference between projected and actual earnings on OPEB plan investments	65,018	6,128	71,146
Changes in proportion and differences between City contributions and proportionate share of contributions	0	51,582	51,582
City contributions subsequent to the measurement date	<u>0</u>	<u>2,604</u>	<u>2,604</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$111,224</u></b>	<b><u>\$154,155</u></b>	<b><u>\$265,379</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$3,848	\$4,850	\$8,698
Changes of assumptions	0	50,120	50,120
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>128,371</u>	<u>30,865</u>	<u>159,236</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$132,219</u></b>	<b><u>\$85,835</u></b>	<b><u>\$218,054</u></b>

\$2,604 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 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2020	(\$25,984)	\$11,776	(\$14,208)
2021	(37,028)	11,776	(25,252)
2022	9,262	11,776	21,038
2023	32,755	13,630	46,385
2024	0	10,708	10,708
Thereafter	<u>0</u>	<u>6,050</u>	<u>6,050</u>
<b>Total</b>	<b><u>(\$20,995)</u></b>	<b><u>\$65,716</u></b>	<b><u>\$44,721</u></b>

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***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 health care costs 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 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, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.96 percent
Prior Measurement date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.71 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change was be effective for the 2018 valuation.

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.

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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 2018, 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 was a loss of 5.6 percent for 2018.

The allocation of investment assets within 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 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

**Discount Rate** A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. 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 6.00 percent and a municipal bond rate of 3.71 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

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***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 3.96 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 (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$1,814,450	\$1,418,236	\$1,103,138

***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 2019 is 10.00 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 actuary's 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	\$1,363,231	\$1,418,236	\$1,481,584

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, 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 the value 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.

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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, 2018, with actuarial liabilities rolled forward to December 31, 2018
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:	
Current measurement date	4.66 percent
Prior measurement date	3.24 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.

<u>Age</u>	<u>Police</u>
67 or less	77 %
68-77	105
78 and up	115

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.

<u>Age</u>	<u>Police</u>
59 or less	35 %
60-69	60
70-79	75
80 and up	100

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

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.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
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**Discount Rate** For 2019, the total OPEB liability was calculated using the discount rate of 4.66 percent. For 2018, 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 of 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 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent for 2018 and 3.24 percent for 2017. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, 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 4.66 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 (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

	1% Decrease (3.66%)	Current Discount Rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$220,554	\$181,038	\$147,868

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

**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. Balances available at year end have been approved for carryover and are a component of compensated absences. 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.



**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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***Insurances***

The City provides medical/surgical and prescription drug insurance coverage for all eligible employees through Anthem. The monthly premium for medical/surgical and prescription drug coverage is \$540.80 for single plan, \$1,118.85 for a spousal plan, and \$1,669.63 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**

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 \$51,097. Principal payments towards capital leases during 2019 totaled \$23,573 for governmental activities.

Future minimum lease payments through 2020 are as follows:

Year	Governmental Activities	
	Principal	Interest
2020	\$11,977	\$838

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

**NOTE 15 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the City during the year ended December 31, 2019 consisted of the following:

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
<b><u>Governmental Activities:</u></b>					
<b><i>General Obligation Bonds</i></b>					
<i>Refunding - 2016 \$4,810,000</i>					
<i>Recreational Facilities - Serial/Term Bonds</i>					
\$75,000 @ 2.0% to 4.0%	\$70,000	\$0	\$5,000	\$65,000	\$5,000
Premium - \$7,384	6,082	0	434	5,648	0
Total General Obligation Bonds	<u>76,082</u>	<u>0</u>	<u>5,434</u>	<u>70,648</u>	<u>5,000</u>
<b><i>OPWC Loans (Direct Borrowing)</i></b>					
<i>Bett-Mar (CR10L)</i>					
2008 - \$116,589 @ 0%	61,212	0	5,830	55,382	5,830
<i>St. Clairsville Road Project (CR25M)</i>					
2010 - \$98,372 @ 0%	59,021	0	4,918	54,103	4,918
<i>Resurfacing 22 Roads (CR03N)</i>					
2011 - \$76,320 @ 0%	49,608	0	3,816	45,792	3,816
<i>Road Resurfacing (CR02Q)</i>					
2014 - \$64,794 @ 0%	49,675	0	4,320	45,355	4,320
Total OPWC Loans	<u>219,516</u>	<u>0</u>	<u>18,884</u>	<u>200,632</u>	<u>18,884</u>
<b><i>Other Long-Term Obligations</i></b>					
<b><i>Net Pension Liability</i></b>					
OPERS	777,372	434,672	0	1,212,044	0
OP&F	1,263,026	359,706	0	1,622,732	0
Net Pension Liability	<u>2,040,398</u>	<u>794,378</u>	<u>0</u>	<u>2,834,776</u>	<u>0</u>
<b><i>Net OPEB Liability</i></b>					
OPERS	503,438	35,494	0	538,932	0
OP&F	1,165,977	0	984,940	181,037	0
Net OPEB Liability	<u>1,669,415</u>	<u>35,494</u>	<u>984,940</u>	<u>719,969</u>	<u>0</u>
Capital Leases	<u>35,550</u>	<u>0</u>	<u>23,573</u>	<u>11,977</u>	<u>11,977</u>
Compensated Absences	<u>129,757</u>	<u>127,081</u>	<u>127,915</u>	<u>128,923</u>	<u>17,423</u>
Total Governmental Activities	<u>\$4,170,718</u>	<u>\$956,953</u>	<u>\$1,160,746</u>	<u>\$3,966,925</u>	<u>\$53,284</u>

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
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	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
<b><u>Business-Type Activities:</u></b>					
<b><i>General Obligation Bonds</i></b>					
<i>Refunding - 2016 \$4,810,000</i>					
<b>Water System Improvements</b>					
\$200,000 @ 2.0% to 4.0%	\$180,000	\$0	\$10,000	\$170,000	\$10,000
Premium - \$18,061	14,875	0	1,062	13,813	0
<b>Sewer System Improvements</b>					
\$160,000 @ 2.0% to 4.0%	120,000	0	5,000	115,000	10,000
Premium - \$14,191	10,722	0	865	9,857	0
<b>Light System Improvements</b>					
\$4,370,000 @ 2.0% to 4.0%	3,845,000	0	280,000	3,565,000	280,000
Premium - \$440,180	345,689	0	31,497	314,192	0
<b>Total General Obligation Bonds</b>	<b>4,516,286</b>	<b>0</b>	<b>328,424</b>	<b>4,187,862</b>	<b>300,000</b>
<b><i>OPWC Loans (Direct Borrowing)</i></b>					
<b>Belmont Drive Pump Station</b>					
Replacement (CR20H)					
2007 - \$73,774 @ 0.02%	34,965	0	3,813	31,152	3,890
<b>East Main Force Liner (CR23F)</b>					
2004 - \$214,890 @ 0.02%	67,851	0	11,791	56,060	12,028
<b>Wastewater System Repairs (CR13E)</b>					
2004 - \$133,216 @ 0.02%	45,665	0	7,236	38,429	7,383
<b>Water Transmission System (CR05H)</b>					
2006 - \$52,875 @ 0.02%	22,327	0	2,788	19,539	2,844
<b>New Reservoir Improvement (CR24V)</b>					
2018 - \$400,000 @ 0.00%	0	85,588	0	85,588	0
<b>Total OPWC Loans</b>	<b>170,808</b>	<b>85,588</b>	<b>25,628</b>	<b>230,768</b>	<b>26,145</b>
<b><i>OWDA Loan (Direct Borrowing)</i></b>					
<b>WWTP Improvements (7233)</b>					
2016 - \$1,880,566 @ 2.710%	1,692,510	0	94,028	1,598,482	94,028
<b>New Reservoir Improvement (8368)</b>					
2019 - \$1,148,433 @ 0.6 - 1.85%	0	840,455	0	840,455	24,614
<b>Total OWDA Loans</b>	<b>1,692,510</b>	<b>840,455</b>	<b>94,028</b>	<b>2,438,937</b>	<b>118,642</b>
<b><i>Other Long-Term Obligations</i></b>					
Intergovernmental Payable	27,853	0	6,597	21,256	6,963
Compensated Absences	31,660	59,849	62,623	28,886	3,903
<b><i>Net Pension Liability - OPERS</i></b>					
Water	409,147	228,776	0	637,923	0
Sewer	409,147	228,776	0	637,923	0
Light	450,059	251,653	0	701,712	0
<b>Total Net Pension Liability - OPERS</b>	<b>1,268,353</b>	<b>709,205</b>	<b>0</b>	<b>1,977,558</b>	<b>0</b>
<b><i>Net OPEB Liability - OPERS</i></b>					
Water	264,965	18,681	0	283,646	0
Sewer	264,965	18,681	0	283,646	0
Light	291,463	20,550	0	312,013	0
<b>Total Net OPEB Liability - OPERS</b>	<b>821,393</b>	<b>57,912</b>	<b>0</b>	<b>879,305</b>	<b>0</b>
<b>Total Business-Type Activities</b>	<b>\$8,528,863</b>	<b>\$1,753,009</b>	<b>\$517,300</b>	<b>\$9,764,572</b>	<b>\$455,653</b>

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

**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 2019 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 2019 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 December 31,	Serial / Term Bonds		Total
	Principal	Interest	
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	5,000	1,400	6,400
2025-2029	25,000	4,300	29,300
2030-2032	15,000	900	15,900
Total	<u>\$65,000</u>	<u>\$14,150</u>	<u>\$79,150</u>

*OPWC Loans* – The City has entered into Ohio Public Works Commission (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. These loans, from direct borrowings, contain a provision that whenever an event of default shall have happened and be subsisting, the entire principal amount of the loan then remaining unpaid, at OPWC’s option, become immediately due and payable.

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

Year Ending December 31,	Principal
2020	\$18,884
2021	18,884
2022	18,884
2023	18,884
2024	18,884
2025-2029	91,508
2030-2032	14,704
Total	<u>\$200,632</u>

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

**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 2019 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 2019 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 December 31,	Serial / Term Bonds		Total
	Principal	Interest	
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	355,000	81,900	436,900
2025-2029	1,475,000	224,500	1,699,500
2030-2032	740,000	45,150	785,150
Total	<u>\$3,850,000</u>	<u>\$806,350</u>	<u>\$4,656,350</u>

*OPWC Loans* – The City has entered into Ohio Public Works Commission (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 loans, from direct borrowings, contain a provision that whenever an event of default shall have happened and be subsisting, the entire principal amount of the loan then remaining unpaid, at OPWC’s option, become immediately due and payable.

An amortization schedule for the New Reservoir Improvement (CR24V) is not available from OPWC. The OPWC loan debt service requirements to maturity, for the remainder of the loans, are as follows:

**City of St. Clairsville**  
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Year Ending December 31,	Principal	Interest	Total
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	21,764	609	22,373
2025-2027	15,641	424	16,065
Total	<u>\$145,179</u>	<u>\$8,927</u>	<u>\$154,106</u>

*OWDA Loans* – The City has received an OWDA Loan to finance a Wastewater Treatment Plant Improvement Project. Initially approved for \$2,000,000, the final financing amount totaled \$1,880,566, with a repayment schedule not to exceed twenty years. 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 City has received an OWDA Loan to finance a New Reservoir Improvement Project. The loan has been approved for \$1,148,433, with a repayment schedule not to exceed twenty years. During 2019, the City drew \$840,455 of loan proceeds. The OWDA loan will be paid from revenues derived from charges for services in the Water Fund. The OWDA loan has interest rate components of 0.6 percent and 1.85 percent.

These loans, from direct borrowings, contain a provision that whenever an event of default shall have happened and be subsisting, the OWDA may exercise any and all rights and remedies for the enforcement of entire principal amount of the loan then remaining unpaid, at the OWDA’s option, become immediately due and payable.

The City has pledged future sewer revenues and water revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and water fund revenues, and are payable through 2039. Annual principal and interest payments on the loans are expected to require 12.77 percent of net revenues and 5.02 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$2,994,443. Principal and interest paid for the current year was \$139,258, total net revenues were \$1,090,425 and total revenues were \$2,771,651.

An amortization schedule for the New Reservoir Improvement (8368) is not yet available from OWDA. The total estimated loan debt service requirements to maturity are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$118,642	\$51,612	\$170,254
2021	143,820	57,430	201,250
2022	144,584	54,117	198,701
2023	99,362	50,791	150,153
2024	146,153	47,452	193,605
2025-2029	743,119	186,688	929,807
2030-2034	765,057	101,045	866,102
2035-2039	278,200	6,371	284,571
Total	<u>\$2,438,937</u>	<u>\$555,506</u>	<u>\$2,994,443</u>

*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.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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Year Ending December 31,	Principal
2020	\$6,963
2021	6,963
2022	7,330
Total	<u><u>\$21,256</u></u>

As of December 31, 2019, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$13,600,992, with an unvoted debt margin of \$7,124,329.

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 and OPEB liabilities. However, employer pension and OPEB contributions are made from the following funds: General Fund, Police Fund, Street Fund, Recreation Fund (a non-major governmental fund), Water Fund, Sewer Fund, and Light Fund. For additional information related to the net pension and OPEB liabilities see Notes 11 and 12.

**NOTE 16 - INTERNAL ACTIVITY AND TRANSFERS**

***Interfund Balances***

Interfund balances at December 31, 2019 consisted of the following individual interfund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
Other Non-Major Governmental Funds	General
	<u><u>\$68,561</u></u>

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, 2019, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>
Other Non-Major Governmental Funds	Other Non-Major Governmental Funds
	<u><u>\$7,300</u></u>

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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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 2019, 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 2019.

***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.



**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
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***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 2019.

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collection income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2019, the City paid RITA \$15,007 for income tax collection services.

**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, 2019.

***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.

**City of St. Clairsville**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2019**

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***Paid Up Oil/Gas Leases***

The City has entered into several “Paid-Up” Oil and Gas Leases. In consideration of the lease agreements, the City has received various signing bonuses. During 2019, the City received a signing bonus in the amount of \$130,279. Royalties are paid 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. During 2019, the City received royalty payments of \$51,819. As of the date of the financial statements, the value of any future royalties cannot be reasonably determined. The total carrying value of the land leased is \$1,170,246.

**NOTE 19 - SUBSEQUENT EVENTS**

***COVID-19***

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City. The investments of the pension and other employee benefit plans in which the City participates may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

***Ohio Environmental Protection Agency Findings and Orders***

On May 11, 2020, the City became subject to findings and orders from the Ohio Environmental Protection Agency (Ohio EPA), as it relates to the City’s drinking water supply. Within thirty days, the City must make drainage improvements to the water treatment plant to prevent water supply backups into the facility. Within ninety days, the City must clean and make various improvements to the lower level of the water treatment plant. Within three months, the City must determine the viability of the reservoir as a source of drinking water and submit a plan for maintenance and a source for backup water supply to the Ohio EPA. Within six months of the effective date, the City must identify and exercise all critical valves of the system. Within twenty-four months, the City must make improvements to its surface water source, including intake repairs, sediment removal and increase its reserve capacity; or the City may connect to an approved public water supply.

**NOTE 20 - DEFICIT FUND BALANCES**

Fund balances at December 31, 2019 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Community Improvement Corporation	\$35,606

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**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 Six Years (1) \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net Pension Liability	0.0116460%	0.0130400%	0.0135080%
City's Proportionate Share of the Net Pension Liability	\$3,189,603	\$2,045,725	\$3,067,440
City's Covered Payroll	\$1,572,964	\$1,600,908	\$1,737,008
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.78%	127.79%	176.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%

(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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0138830%	0.0143170%	0.0143170%
\$2,404,711	\$1,726,789	\$1,687,788
\$1,759,371	\$1,755,358	\$1,763,231
136.68%	98.37%	95.72%
81.08%	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 Six Years (1) \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net Pension Liability	0.0198800%	0.0205790%	0.0190910%
City's Proportionate Share of the Net Pension Liability	\$1,622,731	\$1,263,026	\$1,209,204
City's Covered Payroll	\$489,379	\$490,021	\$455,768
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	331.59%	257.75%	265.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.07%	70.91%	68.36%

(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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0202790%	0.0193960%	0.0193960%
\$1,304,564	\$1,004,794	\$944,646
\$457,877	\$427,216	\$406,739
284.92%	235.20%	232.25%
66.77%	72.20%	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 Three Years (1) \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.0108780%	0.0122000%	0.0131000%
City's Proportionate Share of the Net OPEB Liability	\$1,418,236	\$1,324,831	\$1,323,145
City's Covered Payroll	\$1,577,764	\$1,604,333	\$1,740,733
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	89.89%	82.58%	76.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	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 Three Years (1) \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's Proportion of the Net OPEB Liability	0.0198800%	0.0205790%	0.0190910%
City's Proportionate Share of the Net OPEB Liability	\$181,038	\$1,165,977	\$906,207
City's Covered Payroll	\$489,379	\$490,021	\$455,768
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.99%	237.94%	198.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.57%	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 Seven Years (1)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Net Pension Liability - Traditional Plan</b>			
Contractually Required Contribution	\$201,126	\$220,215	\$208,118
Contributions in Relation to the Contractually Required Contribution	<u>(201,126)</u>	<u>(220,215)</u>	<u>(208,118)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$1,436,614	\$1,572,964	\$1,600,908
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%
<b>Net OPEB Liability - OPEB Plan (2)</b>			
Contractually Required Contribution	\$0	\$192	\$16,146
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>(192)</u>	<u>(16,146)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$1,436,614	\$1,577,764	\$1,604,333
Contributions as a Percentage of Covered Payroll	0.00%	0.01%	1.01%

- (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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$208,441	\$211,125	\$210,643	\$229,220
<u>(208,441)</u>	<u>(211,125)</u>	<u>(210,643)</u>	<u>(229,220)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,737,008	\$1,759,371	\$1,755,358	\$1,763,231
12.00%	12.00%	12.00%	13.00%
\$34,877	N/A	N/A	N/A
<u>(34,877)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$0</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$1,740,433	N/A	N/A	N/A
2.00%	N/A	N/A	N/A

See notes to the required supplementary information

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$98,949	\$92,982	\$93,104	\$86,596
Contributions in Relation to the Contractually Required Contribution	<u>(98,949)</u>	<u>(92,982)</u>	<u>(93,104)</u>	<u>(86,596)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$520,784	\$489,379	\$490,021	\$455,768
Contributions as a Percentage of Covered Payroll:	19.00%	19.00%	19.00%	19.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$2,604	\$2,447	\$2,450	\$2,279
Contributions in Relation to the Contractually Required Contribution	<u>(2,604)</u>	<u>(2,447)</u>	<u>(2,450)</u>	<u>(2,279)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$86,997	\$81,171	\$64,604	\$54,882	\$51,734	\$54,709
<u>(86,997)</u>	<u>(81,171)</u>	<u>(64,604)</u>	<u>(54,882)</u>	<u>(51,734)</u>	<u>(54,709)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$457,877	\$427,216	\$406,739	\$430,447	\$405,757	\$429,090
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
\$2,289	\$2,136	\$14,710	\$29,055	\$27,389	\$28,964
<u>(2,289)</u>	<u>(2,136)</u>	<u>(14,710)</u>	<u>(29,055)</u>	<u>(27,389)</u>	<u>(28,964)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

**City of St. Clairsville, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2019**

**Changes in Assumptions – OPERS Pension**

Amounts reported beginning in 2019 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 2017 and in 2016 and prior are presented below:

	2019	2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage 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	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	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.

**City of St. Clairsville, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2019**

**Changes in Assumptions – OP&F Pension**

Amounts reported beginning in 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 below:

	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 beginning in 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 beginning in 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.

**City of St. Clairsville, Ohio**  
**Notes to the Required Supplementary Information**  
**For the year ended December 31, 2019**

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**Changes in Assumptions – OPERS OPEB**

For 2019, the single discount rate changed from 3.85 percent to 3.96 percent and the municipal bond rate changed from 3.31 percent to 3.71 percent. For 2019, the health care cost trend rate was 10 percent, initial; 3.25 ultimate in 2029. For 2018, the health care cost trend rate was 7.5 percent initial; 3.25 percent ultimate in 2028.

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

**Changes in Assumptions – OP&F OPEB**

For 2019, the single discount rate changed from 3.24 percent to 4.66 percent.

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

**Changes in Benefit Terms – OP&F OPEB**

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.



**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, 2019, 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 August 27, 2020, 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. 84, *Fiduciary Activities*. We also noted, as discussed in Note 19, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City of St. Clairsville.

***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

***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*.

***City of St. Clairsville's Response to Finding***

The City of St. Clairsville's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject the City of St. Clairsville's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.  
August 27, 2020

**CITY OF ST. CLAIRSVILLE  
BELMONT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2019-001

Significant Deficiency – Financial Statement Presentation

In our engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Certain adjustments were recorded to the financial statements to properly state assigned fund balance, net investment in capital assets, and budgeted revenue and expenditure amounts.

Sound financial reporting is the responsibility of management and City Council and is essential to ensure information provided to readers of the financial statements is complete and accurate. A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to a misrepresentation of the City's activity.

We recommend the City implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to filing them in the Hinkle system.

*Client Response:* The City will work to provide a sound fiscal environment and has implemented additional policies and procedures to help with financial statement presentation.

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# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF ST. CLAIRSVILLE**

**BELMONT COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/8/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)