

CITY OF ST. CLAIRSVILLE
BELMONT COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council and Mayor
City of St. Clairsville
100 Market Street
St. Clairsville, OH 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, 2021 through December 31, 2021. 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.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 27, 2022

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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 the City Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

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, 2021, 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.

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, as of December 31, 2021, 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City of St. Clairsville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of St. Clairsville. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of St. Clairsville's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Clairsville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of St. Clairsville's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contribution* listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2022 on our consideration of the City of St. Clairsville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of St. Clairsville's 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 City of St. Clairsville's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
August 18, 2022

CITY OF ST. CLAIRSVILLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021. 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 2021 are as follows:

- In total, net position increased \$4,766,698 from the 2020 total. Net position of governmental activities increased \$826,464 or 6.63% from 2020's net position. Net position of business-type activities increased \$3,940,234 or 20.47% from 2020's net position.
- General revenues for governmental activities accounted for \$2,982,633 or approximately 74.92% of total revenues. Program specific revenues in the form of charges for services, and operating grants, contributions and interest accounted for \$998,392 or approximately 25.08% of total revenues in the amount of \$3,981,025.
- The City had \$3,154,561 in expenses related to governmental activities; only \$998,392 was offset by program specific charges for services, and operating grants, contributions and interest. General revenues in the amount of \$2,982,633 were adequate to provide for these programs.
- The City's major governmental funds are the general fund, the police fund, the street fund and the permanent improvement fund. The general fund had revenues of \$1,749,988 and expenditures and other financing uses of \$1,462,396 during 2021. The net increase in fund balance for the general fund was \$287,592 or 11.22%.
- The police fund had revenues and other financing sources of \$1,110,708 and expenditures of \$1,173,561 during 2021. The net decrease in the fund balance for the police fund was \$62,853 or 22.62%.
- The street fund had revenues and other financing sources of \$768,288 and expenditures of \$555,239 during 2021. The net increase in the fund balance for the street fund was \$213,049 or 47.61%.
- The permanent improvement fund had revenues of \$713,747 and expenditures of \$99,385 during 2021. The net increase in the fund balance for the permanent improvement fund was \$614,362 or 53.72%.
- Business-type activities include operations of the City's water, sewer, and light enterprise funds. The net position of the business-type activities totaled \$23,190,900 at December 31, 2021. General revenues accounted for \$117,671 or 1.13% of total business-type activities revenue, while program specific revenues accounted for \$10,338,021 or 98.87% of total business-type activities revenue.

Using this Annual Financial Report

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

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

CITY OF ST. CLAIRSVILLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

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 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

Governmental Activities - Most of the City's services are reported here including police, administration, and all departments with the exception of the Water, Sewer, and Light Funds. Included with the governmental activities of the City is the Community Improvement Corporation, a legally separate entity, presented as a blended component unit in accordance with GASB Statement Numbers. 14, 39, and 61.

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

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

Fund Financial Statements

Fund financial statements 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, Street, and the Permanent Improvement Fund; and the Water, Sewer, and Light Proprietary Funds.

Governmental Funds

Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

Proprietary Funds

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

CITY OF ST. CLAIRSVILLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension and OPEB liabilities/assets.

Government-Wide Financial Analysis

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 2021 compared to 2020:

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets						
Current and						
Other Assets	\$8,527,703	\$7,298,672	\$12,876,337	\$10,110,497	\$21,404,040	\$17,409,169
Capital Assets, Net	8,722,496	9,561,166	18,592,486	19,111,754	27,314,982	28,672,920
Total Assets	17,250,199	16,859,838	31,468,823	29,222,251	48,719,022	46,082,089
Deferred Outflows of Resources						
Deferred Charge on Refunding	3,273	3,570	112,344	124,956	115,617	128,526
Pension	304,274	358,096	190,947	199,100	495,221	557,196
OPEB	181,059	236,879	75,079	130,920	256,138	367,799
Total Deferred Outflows of Resources	488,606	598,545	378,370	454,976	866,976	1,053,521
Liabilities						
Current Liabilities	113,903	96,805	518,317	830,940	632,220	927,745
Long-Term Liabilities						
Due within One Year	53,542	56,007	513,151	505,128	566,693	561,135
Due in More Than One Year:						
Net Pension Liability	1,859,165	2,077,242	979,278	1,264,561	2,838,443	3,341,803
Net OPEB Liability	208,983	682,801	-	825,693	208,983	1,508,494
Other Amounts	280,274	339,314	5,813,676	6,338,141	6,093,950	6,677,455
Total Liabilities	2,515,867	3,252,169	7,824,422	9,764,463	10,340,289	13,016,632
Deferred Inflows of Resources						
Property Taxes/Payment in lieu of taxes	1,159,446	1,037,440	-	-	1,159,446	1,037,440
Pension	445,137	460,450	466,487	423,457	911,624	883,907
OPEB	317,006	233,439	365,384	208,055	682,390	441,494
Total Deferred Inflows of Resources	1,921,589	1,731,329	831,871	631,512	2,753,460	2,362,841
Net Position						
Net Investment in Capital Assets	8,485,589	9,274,274	12,481,300	12,477,601	20,966,889	21,751,875
Restricted	3,181,787	2,232,371	530,050	491,602	3,711,837	2,723,973
Unrestricted	1,633,973	968,240	10,179,550	6,281,463	11,813,523	7,249,703
Total Net Position	\$13,301,349	\$12,474,885	\$23,190,900	\$19,250,666	\$36,492,249	\$31,725,551

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

CITY OF ST. CLAIRSVILLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the City's governmental activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,301,349.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 50.56% of total assets for governmental activities. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, infrastructure, vehicles, and construction in progress. The City's net investment in capital assets at December 31, 2021 was \$8,485,589 for governmental activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

CITY OF ST. CLAIRSVILLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

A portion of the City's net position in the governmental activities, \$3,181,787, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$1,633,973.

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 2021 and 2020.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$261,872	\$270,545	\$10,338,021	\$9,062,276	\$10,599,893	\$9,332,821
Operating Grants, Contributions, and Interest	736,520	875,541	-	-	736,520	875,541
Capital Grants	-	-	-	29,897	-	29,897
Total Program Revenues	998,392	1,146,086	10,338,021	9,092,173	11,336,413	10,238,259
General Revenues:						
Property Taxes	1,031,818	1,043,614	-	-	1,031,818	1,043,614
Income Taxes	1,305,256	1,263,055	-	-	1,305,256	1,263,055
Kilowatt per Hour Taxes	164,121	214,559	-	-	164,121	214,559
Permissive motor vehicle license tax	50,534	-	-	-	50,534	0
Payments in lieu of taxes	93,461	93,222	-	-	93,461	93,222
Grants and Entitlements	247,217	190,551	-	-	247,217	190,551
Investment Earnings	20,701	32,413	-	-	20,701	32,413
Insurance settlement	-	66,793	-	-	-	66,793
Other	69,525	165,981	117,671	109,688	187,196	275,669
Total General Revenues	2,982,633	3,070,188	117,671	109,688	3,100,304	3,179,876
Total Revenues	3,981,025	4,216,274	10,455,692	9,201,861	14,436,717	13,418,135
Program Expenses						
General Government						
Legislative and Executive	685,347	1,040,890	-	-	685,347	1,040,890
Security of Persons and Property - Police	1,137,050	1,165,210	-	-	1,137,050	1,165,210
Public Health Services	-	11,591	-	-	-	11,591
Leisure Time Services	315,781	392,698	-	-	315,781	392,698
Community and Economic Development	96,316	108,738	-	-	96,316	108,738
Transportation	915,691	1,198,695	-	-	915,691	1,198,695
Interest and Fiscal Charges	4,376	1,381	-	-	4,376	1,381
Water	-	-	677,976	1,154,042	677,976	1,154,042
Sewer	-	-	888,425	996,400	888,425	996,400
Light	-	-	4,949,057	5,489,600	4,949,057	5,489,600
Total Expenses	3,154,561	3,919,203	6,515,458	7,640,042	9,670,019	11,559,245
Change in Net Position	826,464	297,071	3,940,234	1,561,819	4,766,698	1,858,890
Net Position at Beginning of Year	12,474,885	12,177,814	19,250,666	17,688,847	31,725,551	29,866,661
Net Position End of Year	\$13,301,349	\$12,474,885	\$23,190,900	\$19,250,666	\$36,492,249	\$31,725,551

CITY OF ST. CLAIRSVILLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Governmental Activities

Governmental activities net position increased \$826,464 in 2021. The three primary general revenue sources of governmental activities are property taxes, income taxes, and kilowatt per hours taxes. Miscellaneous general revenues decreased in 2021 due to the large increases in BWC dividends received by the City during 2020 and operating grants and contributions decreased in 2021 due to the additional funding received from the CARES Act during 2020.

Expenses of the governmental activities decreased \$764,642 or 19.51%. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On an accrual basis, the City had OPEB expense of (\$412,171) in 2021 compared to (\$5,490) in 2020. On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Operating grants, contributions decreased by \$139,021 for governmental activities primarily due to fewer grant monies awarded to the City from the CARES Act as relief from the COVID-19 pandemic.

Security of persons and property – police accounted for 36.04% of the governmental expenses for the City. Transportation accounted for the second largest share of governmental expenses for the City, approximately 29.03%.

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	
	2021	2020	2021	2020
General Government				
Legislative and Executive	\$ 685,347	\$ 1,040,890	\$ 275,232	\$ 521,499
Security of Persons and Property				
Police	1,137,050	1,165,210	981,349	951,713
Public Health Services	-	11,591	-	11,591
Leisure Time Services	315,781	392,698	275,242	348,892
Community and				
Economic Development	96,316	108,738	78,765	98,894
Transportation	915,691	1,198,695	541,205	839,147
Interest and Fiscal Charges	4,376	1,381	4,376	1,381
Total Expenses	\$ 3,154,561	\$ 3,919,203	\$ 2,156,169	\$ 2,773,117

The dependence upon general revenues for governmental activities is apparent, with 68.35% of expenses supported through taxes and other general revenues.

CITY OF ST. CLAIRSVILLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

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 \$10,338,021 or approximately 98.87% of total business-type revenues. General revenues accounted for \$117,671 or 1.13% of total business-type activities revenue.

Analyzing the City of St. Clairsville's Funds

The City has four major governmental funds, the General Fund, the Police fund, the Street fund and the Permanent Improvement Fund. These funds are accounted for using the modified accrual method of accounting. The General fund had revenues of \$1,749,988 and expenditures and other financing uses of \$1,462,396 during 2021. The net increase in fund balance for the general fund was \$287,592 or 11.22%. The increase is primarily due to property taxes, income taxes, kilowatt per hour taxes and intergovernmental revenues in continuing to exceed expenditures. Expenditures decreased \$170,499 due to a tight control of general government expenses by the City.

The police fund had revenues and other financing sources of \$1,110,708 and expenditures of \$1,173,561 during 2021. The net decrease in the fund balance for the police fund was \$62,853 or 22.62%.

The street fund had revenues and other financing sources of \$768,288 and expenditures of \$555,239 during 2021. The net increase in the fund balance for the street fund was \$213,049 or 47.61%.

The permanent improvement fund had revenues of \$713,747 and expenditures of \$99,385 during 2021. The net increase in the fund balance for the permanent improvement fund was \$614,362 or 53.72%. The increase in fund balance was primarily due to revenues continuing to exceed expenditures.

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 \$1,624,947 and operating expenses in the amount of \$655,896. Overall, the Water Fund's net position increased \$946,971, primarily due to increases in revenues from rate increases and the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). The Sewer Fund had operating revenues in the amount of \$1,567,693 and operating expenses in the amount of \$722,029. The Sewer Fund's net position increased \$679,268, primarily due to increases in revenues from rate increases and the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). The Light Fund had operating revenues in the amount of \$7,263,052 and operating expenses in the amount of \$4,856,997. The Light Fund's net position increased \$2,313,995, primarily due to decreases in purchased power expenses and the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS).

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.

Budgetary information is presented for the general fund and major special revenue funds. In the general fund, the original and final budgeted revenues were \$2,534,565 and \$1,595,500. Actual revenues and other financing sources of \$1,731,366 were \$135,866 greater than final budgeted revenues. The original and final budgeted expenditures and other financing uses were \$2,001,621. Actual expenditures and other financing uses of \$1,478,072 were \$523,549 less than final budgeted expenditures and other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2021, the City's governmental and business-type activities had \$27,314,982 in land, construction in progress, land improvements, buildings and improvements, machinery and equipment, infrastructure, and vehicles, net of depreciation. Table 4 shows 2021 balances compared with 2020.

CITY OF ST. CLAIRSVILLE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Table 4
Capital Assets Net of Depreciation

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$1,360,478	\$1,360,478	\$305,596	\$305,596	\$1,666,074	\$1,666,074
Construction In Progress	15,282	15,282	-	-	15,282	15,282
Land Improvements	1,633,219	1,818,372	30,505	32,464	1,663,724	1,850,836
Buildings and Improvements	318,513	348,782	3,253,433	3,354,518	3,571,946	3,703,300
Machinery and Equipment	396,652	427,030	646,245	637,274	1,042,897	1,064,304
Infrastructure	4,706,272	5,340,968	13,970,218	14,350,428	18,676,490	19,691,396
Vehicles	292,080	250,254	386,489	431,474	678,569	681,728
Total	\$8,722,496	\$9,561,166	\$18,592,486	\$19,111,754	\$27,314,982	\$28,672,920

See Note 8 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, 2021, was \$6,471,916 with \$538,269 due within one year. Table 5 summarizes outstanding debt.

Table 5
Outstanding Debt at Year End

	Governmental Activities		Business Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$59,780	\$65,214	\$3,501,014	\$3,854,438	\$3,560,794	\$3,919,652
OPWC Loans	162,865	191,190	294,020	333,827	456,885	525,017
OWDA Loans	-	-	2,436,560	2,579,864	2,436,560	2,579,864
Capital Leases	17,677	34,213	-	-	17,677	34,213
Total	\$240,322	\$290,617	\$6,231,594	\$6,768,129	\$6,471,916	\$7,058,746

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 11.

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.

BASIC
FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 5,784,273	\$ 11,172,185	\$ 16,956,458
Cash and cash equivalents in segregated accounts.	36,235	-	36,235
Receivables:			
Property taxes	1,077,859	-	1,077,859
Income taxes.	444,952	-	444,952
Payment in lieu of taxes	100,000	-	100,000
Accounts.	42,394	994,537	1,036,931
Accrued interest	882	-	882
Intergovernmental	331,035	-	331,035
Loans receivable.	566,384	-	566,384
Materials and supplies inventory.	22,844	566,519	589,363
Prepayments	29,686	24,526	54,212
Assets held for resale	32,955	-	32,955
Unamortized bond insurance premium	142	8,064	8,206
Net pension asset	84	160	244
Net OPEB asset.	57,978	110,346	168,324
Capital assets:			
Land and construction in progress.	1,375,760	305,596	1,681,356
Depreciable capital assets, net.	7,346,736	18,286,890	25,633,626
Total capital assets, net.	<u>8,722,496</u>	<u>18,592,486</u>	<u>27,314,982</u>
Total assets	<u>17,250,199</u>	<u>31,468,823</u>	<u>48,719,022</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding .	3,273	112,344	115,617
Pension	304,274	190,947	495,221
OPEB	181,059	75,079	256,138
Total deferred outflows of resources	<u>488,606</u>	<u>378,370</u>	<u>866,976</u>
Liabilities:			
Accounts payable.	25,097	360,255	385,352
Accrued wages and benefits payable	56,727	62,944	119,671
Intergovernmental payable	26,948	21,048	47,996
Accrued interest payable	300	36,521	36,821
Payroll withholdings payable.	3,456	-	3,456
Unearned revenue	1,375	-	1,375
Refundable deposits	-	37,549	37,549
Long-term liabilities:			
Due within one year	53,542	513,151	566,693
Due greater than one year:			
Net pension liability.	1,859,165	979,278	2,838,443
Net OPEB liability	208,983	-	208,983
Other amounts due in more than one year	280,274	5,813,676	6,093,950
Total liabilities	<u>2,515,867</u>	<u>7,824,422</u>	<u>10,340,289</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year. . .	1,059,446	-	1,059,446
Payment in lieu of taxes	100,000	-	100,000
Pension.	445,137	466,487	911,624
OPEB	317,006	365,384	682,390
Total deferred inflows of resources	<u>1,921,589</u>	<u>831,871</u>	<u>2,753,460</u>
Net position:			
Net investment in capital assets.	8,485,589	12,481,300	20,966,889
Restricted for:			
Debt service	-	530,050	530,050
Capital projects	1,872,561	-	1,872,561
Transportation projects	337,648	-	337,648
Community development programs	896,620	-	896,620
Court and safety programs	57,198	-	57,198
Recreation	17,760	-	17,760
Unrestricted	1,633,973	10,179,550	11,813,523
Total net position	<u>\$ 13,301,349</u>	<u>\$ 23,190,900</u>	<u>\$ 36,492,249</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Sales and Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government - legislative and executive	\$ 685,347	\$ 137,902	\$ 272,213	\$ (275,232)	\$ -	\$ (275,232)
Security of persons and property - police	1,137,050	67,967	87,734	(981,349)	-	(981,349)
Leisure time activity	315,781	38,452	2,087	(275,242)	-	(275,242)
Community and economic development . Transportation	96,316	17,551	-	(78,765)	-	(78,765)
Interest and fiscal charges.	915,691	-	374,486	(541,205)	-	(541,205)
	4,376	-	-	(4,376)	-	(4,376)
Total governmental activities	<u>3,154,561</u>	<u>261,872</u>	<u>736,520</u>	<u>(2,156,169)</u>	<u>-</u>	<u>(2,156,169)</u>
Business-type activities:						
Water.	677,976	1,621,697	-	-	943,721	943,721
Sewer	888,425	1,564,547	-	-	676,122	676,122
Light	4,949,057	7,151,777	-	-	2,202,720	2,202,720
Total business-type activities	<u>6,515,458</u>	<u>10,338,021</u>	<u>-</u>	<u>-</u>	<u>3,822,563</u>	<u>3,822,563</u>
Total primary government.	<u>\$ 9,670,019</u>	<u>\$ 10,599,893</u>	<u>\$ 736,520</u>	<u>(2,156,169)</u>	<u>3,822,563</u>	<u>1,666,394</u>
General revenues:						
Property taxes levied for:						
General purposes				498,323	-	498,323
Police operations				533,495	-	533,495
Income taxes levied for:						
General purposes				652,628	-	652,628
Capital purposes				652,628	-	652,628
Kilowatt per hour tax levied for						
general purposes.				164,121	-	164,121
Permissive motor vehicle license tax				50,534	-	50,534
Payments in lieu of taxes				93,461	-	93,461
Grants and entitlements not restricted						
to specific programs				247,217	-	247,217
Interest income				20,701	-	20,701
Miscellaneous.				69,525	117,671	187,196
Total general revenues				<u>2,982,633</u>	<u>117,671</u>	<u>3,100,304</u>
Change in net position				826,464	3,940,234	4,766,698
Net position at beginning of year				<u>12,474,885</u>	<u>19,250,666</u>	<u>31,725,551</u>
Net position at end of year.				<u>\$ 13,301,349</u>	<u>\$ 23,190,900</u>	<u>\$ 36,492,249</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>Police</u>	<u>Street</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents	\$ 2,599,422	\$ 209,583	\$ 607,522	\$ 1,666,022	\$ 687,734	\$ 5,770,283
Cash and cash equivalents in segregated accounts	-	36,235	-	-	-	36,235
Receivables:						
Property taxes	537,078	540,781	-	-	-	1,077,859
Income taxes	222,476	-	-	222,476	-	444,952
Payment in lieu of taxes	-	-	-	-	100,000	100,000
Accounts	30,407	7,800	-	-	4,187	42,394
Accrued interest	882	-	-	-	-	882
Intergovernmental	99,419	33,895	160,847	-	36,874	331,035
Interfund loans	4	-	-	-	-	4
Loans to other funds	68,561	-	-	-	-	68,561
Loans receivable	-	-	-	-	566,384	566,384
Materials and supplies inventory	1,173	10,768	10,903	-	-	22,844
Prepayments	13,343	10,950	3,393	-	2,000	29,686
Assets held for resale	-	-	-	-	32,955	32,955
Restricted assets:						
Equity in pooled cash and cash equivalents	13,990	-	-	-	-	13,990
Total assets	<u>\$ 3,586,755</u>	<u>\$ 850,012</u>	<u>\$ 782,665</u>	<u>\$ 1,888,498</u>	<u>\$ 1,430,134</u>	<u>\$ 8,538,064</u>
Liabilities:						
Accounts payable	\$ 2,382	\$ 2,237	\$ 1,865	\$ 15,937	\$ 2,676	\$ 25,097
Accrued wages and benefits payable	4,632	40,111	8,744	-	3,240	56,727
Intergovernmental payable	2,924	18,026	4,415	-	1,583	26,948
Interfund loans payable	-	-	-	-	4	4
Loans from other funds	-	-	-	-	68,561	68,561
Payroll withholdings payable	3,456	-	-	-	-	3,456
Unearned revenue	-	-	-	-	1,375	1,375
Total liabilities	<u>13,394</u>	<u>60,374</u>	<u>15,024</u>	<u>15,937</u>	<u>77,439</u>	<u>182,168</u>
Deferred inflows of resources:						
Property taxes levied for the next fiscal year	527,879	531,567	-	-	-	1,059,446
Payment in lieu of taxes	-	-	-	-	100,000	100,000
Unavailable revenue	195,125	43,109	107,096	114,472	-	459,802
Total deferred inflows of resources	<u>723,004</u>	<u>574,676</u>	<u>107,096</u>	<u>114,472</u>	<u>100,000</u>	<u>1,619,248</u>
Fund balances:						
Nonspendable	97,067	21,718	14,296	-	2,000	135,081
Restricted	-	193,244	646,249	1,758,089	1,091,321	3,688,903
Committed	-	-	-	-	194,980	194,980
Assigned	168,797	-	-	-	-	168,797
Unassigned (deficit)	2,584,493	-	-	-	(35,606)	2,548,887
Total fund balances	<u>2,850,357</u>	<u>214,962</u>	<u>660,545</u>	<u>1,758,089</u>	<u>1,252,695</u>	<u>6,736,648</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,586,755</u>	<u>\$ 850,012</u>	<u>\$ 782,665</u>	<u>\$ 1,888,498</u>	<u>\$ 1,430,134</u>	<u>\$ 8,538,064</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Total governmental fund balances		\$	6,736,648
<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.			8,722,496
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	228,944	
Real and other taxes receivable		18,413	
Intergovernmental receivable		212,445	
Total		459,802	459,802
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(300)
Unamortized bond insurance premiums are not recognized in the governmental funds.			142
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			3,273
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(93,494)	
General obligation bonds payable		(55,000)	
Premium on general obligation bonds payable		(4,780)	
OPWC loans payable		(162,865)	
Capital lease payable		(17,677)	
Total		(333,816)	(333,816)
The net pension and net OPEB liabilities/assets are not due and payable in the current period; therefore the liabilities/assets and related deferred inflows and outflows are not reported in the governmental funds.			
Net pension asset		84	
Net OPEB asset		57,978	
Deferred outflows-pension		304,274	
Deferred outflows-OPEB		181,059	
Net pension liability		(1,859,165)	
Net OPEB liability		(208,983)	
Deferred inflows - pension		(445,137)	
Deferred inflows - OPEB		(317,006)	
Total		(2,286,896)	(2,286,896)
Net position of governmental activities		\$	13,301,349

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Police</u>	<u>Street</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 493,998	\$ 529,529	\$ -	\$ -	\$ -	\$ 1,023,527
Income taxes.	713,747	-	-	713,747	-	1,427,494
Kilowatt per hour taxes	164,121	-	-	-	-	164,121
Permissive motor vehicle license taxes	-	-	50,534	-	-	50,534
Payment in lieu of taxes	-	-	-	-	93,461	93,461
Charges for services	-	68,792	-	-	28,984	97,776
Licenses and permits.	105,981	-	-	-	-	105,981
Fines and forfeitures.	21,457	-	-	-	3,261	24,718
Intergovernmental	201,266	70,009	359,953	-	304,762	935,990
Interest income	19,953	-	331	-	417	20,701
Rent and royalties	17,165	-	-	-	22,355	39,520
Contributions and donations	-	13,884	-	-	8,337	22,221
Other.	12,300	28,494	11,520	-	17,211	69,525
Total revenues	<u>1,749,988</u>	<u>710,708</u>	<u>422,338</u>	<u>713,747</u>	<u>478,788</u>	<u>4,075,569</u>
Expenditures:						
Current:						
General government - legislative and executive	500,263	-	-	21,035	271,974	793,272
Security of persons and property - police.	-	1,154,664	-	-	10,461	1,165,125
Leisure time activity	-	-	-	-	181,431	181,431
Community and economic development.	16,183	-	-	-	93,461	109,644
Transportation	-	-	526,914	-	-	526,914
Capital outlay	-	-	-	78,350	40,038	118,388
Debt service:						
Principal retirement.	-	16,536	28,325	-	5,000	49,861
Interest and fiscal charges	-	2,361	-	-	2,006	4,367
Total expenditures	<u>516,446</u>	<u>1,173,561</u>	<u>555,239</u>	<u>99,385</u>	<u>604,371</u>	<u>2,949,002</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>1,233,542</u>	<u>(462,853)</u>	<u>(132,901)</u>	<u>614,362</u>	<u>(125,583)</u>	<u>1,126,567</u>
Other financing sources (uses):						
Transfers in	-	400,000	345,950	-	200,000	945,950
Transfers (out).	(945,950)	-	-	-	-	(945,950)
Total other financing sources (uses)	<u>(945,950)</u>	<u>400,000</u>	<u>345,950</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	287,592	(62,853)	213,049	614,362	74,417	1,126,567
Fund balances at beginning of year	<u>2,562,765</u>	<u>277,815</u>	<u>447,496</u>	<u>1,143,727</u>	<u>1,178,278</u>	<u>5,610,081</u>
Fund balances at end of year	<u>\$ 2,850,357</u>	<u>\$ 214,962</u>	<u>\$ 660,545</u>	<u>\$ 1,758,089</u>	<u>\$ 1,252,695</u>	<u>\$ 6,736,648</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

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, 2021

Net change in fund balances - total governmental funds	\$	1,126,567
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 105,126	
Current year depreciation	(943,796)	
Total		(838,670)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(122,238)	
Real and other taxes	8,291	
Intergovernmental revenues	25,526	
Other	(6,123)	
Total		(94,544)
Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		49,861
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Decrease in accrued interest payable	(133)	
Amortization of bond insurance premium	(13)	
Amortization of deferred amounts on refunding	(297)	
Amortization of bond premiums and discounts	434	
Total		(9)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		11,210
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	192,713	
OPEB	3,027	
Total		195,740
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(13,073)	
OPEB	389,382	
Total		376,309
Change in net position of governmental activities	\$	826,464

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 493,324	\$ 477,153	\$ 493,998	\$ 16,845
Income taxes	1,157,281	575,000	691,705	116,705
Kilowatt per hour taxes	247,849	185,000	164,121	(20,879)
Licenses and permits	177,257	105,000	105,946	946
Fines and forfeitures	35,899	25,000	21,457	(3,543)
Intergovernmental	389,761	198,347	203,322	4,975
Interest income	33,194	30,000	19,840	(10,160)
Rent and royalties	-	-	13,277	13,277
Other	-	-	17,700	17,700
Total revenues	<u>2,534,565</u>	<u>1,595,500</u>	<u>1,731,366</u>	<u>135,866</u>
Expenditures:				
Current:				
General government	738,326	738,326	515,481	222,845
Community and economic development	17,345	17,345	16,641	704
Total expenditures	<u>755,671</u>	<u>755,671</u>	<u>532,122</u>	<u>223,549</u>
Excess of revenues over expenditures	<u>1,778,894</u>	<u>839,829</u>	<u>1,199,244</u>	<u>359,415</u>
Other financing (uses):				
Transfers (out)	(1,245,950)	(1,245,950)	(945,950)	300,000
Total other financing (uses)	<u>(1,245,950)</u>	<u>(1,245,950)</u>	<u>(945,950)</u>	<u>300,000</u>
Net change in fund balances	532,944	(406,121)	253,294	659,415
Fund balances at beginning of year	2,329,319	2,329,319	2,329,319	-
Prior year encumbrances appropriated	18,471	18,471	18,471	-
Fund balance at end of year	<u>\$ 2,880,734</u>	<u>\$ 1,941,669</u>	<u>\$ 2,601,084</u>	<u>\$ 659,415</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 POLICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 526,842	\$ 526,842	\$ 529,529	\$ 2,687
Charges for services.	60,000	60,000	68,511	8,511
Intergovernmental.	45,524	45,503	81,979	36,476
Contributions and donations.	20,000	20,000	13,884	(6,116)
Other	-	-	8,927	8,927
Total revenues	<u>652,366</u>	<u>652,345</u>	<u>702,830</u>	<u>50,485</u>
Expenditures:				
Current:				
Security of persons and property - police.	1,251,307	1,289,707	1,161,068	128,639
Debt service:				
Principal retirement.	17,000	17,000	16,536	464
Interest and fiscal charges	2,400	2,400	2,361	39
Total expenditures	<u>1,270,707</u>	<u>1,309,107</u>	<u>1,179,965</u>	<u>129,142</u>
Excess of expenditures over revenues	<u>(618,341)</u>	<u>(656,762)</u>	<u>(477,135)</u>	<u>179,627</u>
Other financing sources:				
Transfers in	-	450,000	400,000	(50,000)
Total other financing sources	<u>-</u>	<u>450,000</u>	<u>400,000</u>	<u>(50,000)</u>
Net change in fund balances	(618,341)	(206,762)	(77,135)	129,627
Fund balances at beginning of year	274,085	274,085	274,085	-
Prior year encumbrances appropriated	5,707	5,707	5,707	-
Fund balance (deficit) at end of year	<u>\$ (338,549)</u>	<u>\$ 73,030</u>	<u>\$ 202,657</u>	<u>\$ 129,627</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Permissive motor vehicle license tax	\$ 51,368	\$ 51,368	\$ 51,368	\$ -
Intergovernmental.	239,616	239,616	357,948	118,332
Investment income.	16	16	331	315
Other	-	300,000	15,442	(284,558)
Total revenues	<u>291,000</u>	<u>591,000</u>	<u>425,089</u>	<u>(165,911)</u>
Expenditures:				
Current:				
Transportation	713,365	780,365	533,647	246,718
Debt service:				
Principal retirement.	29,000	29,000	28,325	675
Total expenditures	<u>742,365</u>	<u>809,365</u>	<u>561,972</u>	<u>247,393</u>
Excess of expenditures over revenues	<u>(451,365)</u>	<u>(218,365)</u>	<u>(136,883)</u>	<u>81,482</u>
Other financing sources:				
Transfers in	-	-	345,950	345,950
Total other financing sources	<u>-</u>	<u>-</u>	<u>345,950</u>	<u>345,950</u>
Net change in fund balances	(451,365)	(218,365)	209,067	427,432
Fund balances at beginning of year	392,241	392,241	392,241	-
Prior year encumbrances appropriated	2,415	2,415	2,415	-
Fund balance (deficit) at end of year	<u>\$ (56,709)</u>	<u>\$ 176,291</u>	<u>\$ 603,723</u>	<u>\$ 427,432</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Light	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 2,538,295	\$ 2,060,468	\$ 6,535,871	\$ 11,134,634
Accounts receivable.	146,512	147,217	700,808	994,537
Materials and supplies inventory.	177	177	566,165	566,519
Prepayments	6,822	6,765	10,939	24,526
Total current assets	2,691,806	2,214,627	7,813,783	12,720,216
Noncurrent assets:				
Unamortized bond insurance premium.	377	232	7,455	8,064
Net pension asset	58	43	59	160
Net OPEB asset	40,122	29,528	40,696	110,346
Capital assets:				
Nondepreciable capital assets.	-	-	305,596	305,596
Depreciable capital assets, net.	6,007,576	7,900,944	4,378,370	18,286,890
Total capital assets, net.	6,007,576	7,900,944	4,683,966	18,592,486
Restricted assets:				
Equity in pooled cash and cash equivalents . . .	20,184	15,446	1,921	37,551
Total noncurrent assets	6,068,317	7,946,193	4,734,097	18,748,607
Total assets	8,760,123	10,160,820	12,547,880	31,468,823
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding .	7,682	5,635	99,027	112,344
Pension	81,248	40,865	68,834	190,947
OPEB	33,908	14,551	26,620	75,079
Total deferred outflows of resources	122,838	61,051	194,481	378,370
Liabilities:				
Current liabilities:				
Accounts payable.	5,932	12,367	341,956	360,255
Accrued wages and benefits payable	18,641	16,939	27,364	62,944
Intergovernmental payable	7,832	11,910	8,269	28,011
Accrued interest payable	8,784	19,374	8,363	36,521
Compensated absences payable - current.	1,315	1,447	6,718	9,480
General obligation bonds payable	10,000	10,000	305,000	325,000
OPWC loans payable	2,960	24,246	-	27,206
OWDA loans payable	50,474	94,028	-	144,502
Total current liabilities	105,938	190,311	697,670	993,919
Long-term liabilities (net of current portion):				
Refundable deposits payable from restricted assets.	20,182	15,446	1,921	37,549
Compensated absences payable	8,949	9,847	45,701	64,497
General obligation bonds payable	151,689	93,127	2,931,198	3,176,014
OPWC loans payable	212,488	54,326	-	266,814
OWDA loans payable	975,660	1,316,398	-	2,292,058
Intergovernmental payable	-	14,293	-	14,293
Net pension liability	356,065	262,054	361,159	979,278
Total long-term liabilities.	1,725,033	1,765,491	3,339,979	6,830,503
Total liabilities.	1,830,971	1,955,802	4,037,649	7,824,422

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CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS - (CONTINUED)
 DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Light	Total
Deferred inflows of resources:				
Pension	\$ 158,508	\$ 142,452	\$ 165,527	\$ 466,487
OPEB	125,930	108,783	130,671	365,384
Total deferred inflows of resources	<u>284,438</u>	<u>251,235</u>	<u>296,198</u>	<u>831,871</u>
Net position:				
Net investment in capital assets.	4,612,364	6,314,686	1,554,250	12,481,300
Restricted for debt service.	31,770	258,006	240,274	530,050
Unrestricted	<u>2,123,418</u>	<u>1,442,142</u>	<u>6,613,990</u>	<u>10,179,550</u>
Total net position.	<u>\$ 6,767,552</u>	<u>\$ 8,014,834</u>	<u>\$ 8,408,514</u>	<u>\$ 23,190,900</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Light	Total
Operating revenues:				
Charges for services	\$ 1,621,697	\$ 1,564,547	\$ 7,151,777	\$ 10,338,021
Other	3,250	3,146	111,275	117,671
Total operating revenues.	<u>1,624,947</u>	<u>1,567,693</u>	<u>7,263,052</u>	<u>10,455,692</u>
Operating expenses:				
Personal services	254,384	125,983	239,762	620,129
Contractual services.	76,277	106,760	107,008	290,045
Purchased power	-	-	4,005,334	4,005,334
Materials and supplies.	116,760	277,382	256,064	650,206
Depreciation.	206,731	334,142	241,764	782,637
Other	1,744	1,397	7,065	10,206
Total operating expenses.	<u>655,896</u>	<u>845,664</u>	<u>4,856,997</u>	<u>6,358,557</u>
Operating income	<u>969,051</u>	<u>722,029</u>	<u>2,406,055</u>	<u>4,097,135</u>
Nonoperating (expenses):				
Interest and fiscal charges	<u>(22,080)</u>	<u>(42,761)</u>	<u>(92,060)</u>	<u>(156,901)</u>
Change in net position	946,971	679,268	2,313,995	3,940,234
Net position at beginning of year	<u>5,820,581</u>	<u>7,335,566</u>	<u>6,094,519</u>	<u>19,250,666</u>
Net position at end of year	<u>\$ 6,767,552</u>	<u>\$ 8,014,834</u>	<u>\$ 8,408,514</u>	<u>\$ 23,190,900</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Light	Total
Cash flows from operating activities:				
Cash received from customers.	\$ 1,615,375	\$ 1,559,542	\$ 7,041,536	\$ 10,216,453
Cash received from other operations	8,896	9,486	128,400	146,782
Cash payments for employee services and benefits	(562,250)	(431,801)	(557,506)	(1,551,557)
Cash payments for contractual services	(78,423)	(102,395)	(115,727)	(296,545)
Cash payments for purchased power	-	-	(4,868,368)	(4,868,368)
Cash payments for materials and supplies.	(113,631)	(275,633)	(289,027)	(678,291)
Cash payments for other expenses	(1,879)	(1,397)	(7,065)	(10,341)
Net cash provided by operating activities	868,088	757,802	1,332,243	2,958,133
Cash flows from noncapital financing activities:				
Cash received kilowatt per hour taxes	-	-	5,212	5,212
Cash payments of kilowatt per hour taxes	-	-	(5,212)	(5,212)
Net cash provided by (used in) noncapital financing activities.	-	-	-	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets.	(144,766)	(66,434)	(73,757)	(284,957)
Proceeds of OWDA loan.	624	-	-	624
Principal retirement on general obligation bonds	(10,000)	(10,000)	(300,000)	(320,000)
Principal retirement on OPWC loans.	(4,330)	(35,477)	-	(39,807)
Principal retirement on OWDA loans	(49,900)	(94,028)	-	(143,928)
Interest and fiscal charges	(23,004)	(45,446)	(112,351)	(180,801)
Net cash used in capital and related financing activities.	(231,376)	(251,385)	(486,108)	(968,869)
Net increase in cash and cash equivalents	636,712	506,417	846,135	1,989,264
Cash and cash equivalents at beginning of year	1,921,767	1,569,497	5,691,657	9,182,921
Cash and cash equivalents at end of year	\$ 2,558,479	\$ 2,075,914	\$ 6,537,792	\$ 11,172,185

- (Continued)

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Light	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 969,051	\$ 722,029	\$ 2,406,055	\$ 4,097,135
Adjustments:				
Depreciation.	206,731	334,142	241,764	782,637
Changes in assets and liabilities:				
(Increase) decrease in materials and supplies inventory.	8,442	1,866	(566,165)	(555,857)
(Increase) in accounts receivable.	(6,322)	(4,311)	(100,499)	(111,132)
(Increase) decrease in prepayments	377	1,237	(1,671)	(57)
(Increase) in net pension asset	(51)	(37)	(52)	(140)
(Increase) in net OPEB asset.	(40,122)	(29,528)	(40,696)	(110,346)
(Increase) decrease in deferred outflows of				
resources - pension	(11,942)	15,561	4,534	8,153
Decrease in deferred outflows of				
resources - OPEB	11,665	22,552	21,624	55,841
Increase (decrease) in accounts payable.	(7,375)	3,607	(338,310)	(342,078)
Increase in accrued wages and benefits	3,638	5,970	10,735	20,343
Increase in intergovernmental payable	978	1,016	2,164	4,158
Increase in compensated absences payable	787	1,831	17,475	20,093
(Decrease) in net pension liability	(84,128)	(96,325)	(104,830)	(285,283)
(Decrease) in net OPEB liability.	(287,423)	(234,003)	(304,267)	(825,693)
Increase (decrease) in deferred inflows of				
resources - pension	36,570	(16,656)	23,116	43,030
Increase in deferred inflows of				
resources - OPEB	67,212	28,851	61,266	157,329
Net cash provided by operating activities.	<u>\$ 868,088</u>	<u>\$ 757,802</u>	<u>\$ 1,332,243</u>	<u>\$ 2,958,133</u>

Non-Cash Transactions:

The Sewer fund purchased \$5,354 of capital assets on account at December 31, 2021.

The Light fund purchased \$3,666 and \$30,608 of capital assets on account at December 31, 2021 and December 31, 2020, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2021

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 511
Liabilities:	
Intergovernmental payable.	<u>75</u>
Net position:	
Restricted for other governments	<u>\$ 436</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Custodial
Additions:	
Fines and forfeitures for other governments . .	\$ 6,021
Deductions:	
Fines and forfeitures distributions to other governments	5,585
Change in net position	436
Net position at beginning of year.	-
Net position at end of year	\$ 436

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - DESCRIPTION OF THE CITY

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.

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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City’s significant accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City’s financial statement includes all funds, agencies, boards, commissions, and departments for which the City is financially accountable.

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police, parks and recreation, cemetery, planning, zoning, street maintenance and repairs, water, sewer and electric utilities, 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. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. Based upon the application of these criteria, the City has one blended component unit.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Blended Component Unit - The St. Clairsville Community Improvement Corporation (the “CIC”) 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 CIC. The purpose of the CIC is to provide economic development opportunities for the City. The City can impose its will on the CIC and has a financial benefit/burden relationship with the CIC. In addition, the City provides management of the CIC. The CIC 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 following organizations are described due to their relationship with the City:

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Governments Association (OMEGA): 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 2021, the City made \$764 in 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 \$1,674 in contributions to Bel-O-Mar during 2021.

Memorial Park District of the City of St. Clairsville and Richland Township (Park District): The Park District was created by a resolution of both the City of St. Clairsville and Richland Township under the authority of Ohio Revised Code Chapter 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, and one member is appointed by the Belmont County probate court judge. The City cannot influence the Park District’s operations. The 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.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cumberland Trail Fire District (Fire District): The 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 First 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 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 First District nor is the Fire District financially dependent on the City. The First District serves as its own budgeting, taxing and debt issuance authority.

Belmont County Major Crime Unit (BCMUCU): The BCMUCU was created by a resolution and an agreement between the Belmont County Sheriff's Office, the police departments of the City of St. Clairsville, the City of Martin's 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 BCMUCU. The BCMUCU 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 BCMUCU investigations. The City made no contributions to BCMUCU during 2021.

Regional Income Tax Agency (RITA): 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 collecting 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 operating including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021, the City paid RITA \$44,994 for income tax collection services.

B. Basis of Presentation - Fund Accounting

The City's 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 activities.

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 limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 proprietary 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.

C. 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Police fund - The police fund is to account for the property taxes levied in the City for the operation of its police department.

Street fund - The street 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 fund is to account for income taxes and transfers expended for the construction and repair/improvements of various City properties and facilities.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise funds or internal service funds. The City has no internal service funds.

Enterprise funds - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water fund - The water fund accounts for the provision of water service to its residential 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.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City 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 only fiduciary fund is a custodial fund, which accounts for Mayor's Court collections that are distributed to the State of Ohio.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of 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 deferred outflows of resources and current liabilities and deferred inflows of resources are generally 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

Like the government-wide statements, all proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred inflows of resources, liabilities and deferred outflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities. 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.

E. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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 year end.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payment in lieu of revenue, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 6.B.). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6.A.). Revenue from grants, entitlements and donations is recognized in the 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 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 a 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 year end: income taxes, charges for services, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, interest, grants and entitlements and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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. 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. For the City, see Notes 13 and 14 for deferred outflows of resources related to the City's net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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, payment in lieu of revenue, and unavailable revenue. Property taxes and payment in lieu of revenue represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources 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, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 13 and 14 for deferred inflows of resources related to the City's net pension liability/asset and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents 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 budgetary control has been established by Council at the object level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

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

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

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

G. Cash and Cash Equivalents

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

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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During 2021, interest revenue credited to the general fund amounted to \$19,953, which includes \$16,646 assigned from other City funds.

For purpose of the statement of cash flows and for presentation on the statement of net position, 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 considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent that the investment was purchased from a specific fund.

The City has a segregated bank account for monies held separate from the City's central bank account. This interest-bearing depository account is presented on the financial statements as "cash and cash equivalents in segregated accounts" since it is not required to be deposited into the City treasury.

An analysis of the City's depository accounts at year-end is provided in Note 4.

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Inventories of Materials and Supplies

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset as a component of nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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 City maintains a capitalization threshold of \$10,000. 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 are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives</u>
Land improvements	20 Years
Buildings 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 required after 2004.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. 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 vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16, "Accounting for Compensated Absences".

The total liability for sick leave payments has been calculated using pay rates in effect at the financial statement date and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. At December 31, 2021, the City had no matured compensated absences payable. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepaid Items

Prepayments made to vendors for services that will benefit future periods beyond December 31, 2021 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

L. Accrued Liabilities and Long-Term Obligations

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

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

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Ordinance of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. 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 Council and that are either unusual in nature or infrequent in occurrence. The City had no extraordinary or special items during 2021.

O. Estimates

The preparation of the financial statements in conformity with GAAP 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.

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Interfund Activity

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

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

Q. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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. Restricted net position for other purposes are primarily for net position of the miscellaneous court/safety special revenue fund and unclaimed monies.

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

R. 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 the water, sewer and light enterprise funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting these descriptions are reported as nonoperating revenues and expenses.

S. Unamortized Bond Premiums, Refunding Difference and Prepaid Bond Insurance

Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an addition to the face amount of the bonds.

Prepaid bond insurance is amortized over the term of the bonds using the straight-line method.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This refunding difference is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond issuance costs, bond premiums, bond insurance, and deferred charges from refunding are recognized in the current period.

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

T. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “interfund loans receivable/payable” and receivables and payables resulting from long-term interfund loans are classified as “loans to/from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

U. 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 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 other liability account. Restricted assets of the City also include unclaimed monies.

V. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related 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.

W. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds.

X. 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.

Y. Unearned Revenue

Unearned revenue arises when resources are received by the City before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2021, the City has implemented GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.”

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the City.

For 2021, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

B. Deficit Fund Balance

The fund balance of the Community Improvement Corporation nonmajor special revenue fund was deficit \$35,606 at December 31, 2021. The general fund is liable for the deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the City 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.

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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, the 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. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' 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.

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

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

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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. Excepted as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

At year end, the City had \$36,235 deposited with a financial institution for monies related to the police department. The entire balance is covered by the FDIC. The amount is included in the City's depository balance below.

B. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all City deposits was \$16,993,204 and the bank balance of all City deposits was \$17,251,411. Of the bank balance, \$500,000 was covered by the FDIC and \$16,751,411 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's 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 (2) participation in the 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. For 2021, the City's financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

The City had no investments at December 31, 2021.

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported on the fund financial statements:

Transfers from the General fund to:	
Police	\$ 400,000
Street	345,950
Nonmajor governmental	<u>200,000</u>
Total	<u>\$ 945,950</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financial statements.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The general fund made transfers of \$400,000, \$345,950, and \$200,000 to the police fund, street fund, and recreation nonmajor special revenue, respectively, during 2021. All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Interfund loans receivable/payable at December 31, 2021 consisted of the following individual short-term interfund receivable and payables:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	\$ 4

The short-term interfund loan receivable balances in the general fund resulted from advances made to provide working capital for a grant program in the miscellaneous public safety nonmajor special revenue fund. The advance was authorized by resolution of the County Commissioners. Short-term interfund loans between governmental funds are eliminated for reporting on the statement of net position.

- C.** Loans to/from other funds at December 31, 2021 consisted of the following individual long-term interfund receivable and payables:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	\$ 68,561

The amount due to the general fund from nonmajor governmental funds relates to property tax payments made by the City on behalf of the Community Improvement Corporation. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 6 - TAXES - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of St. Clairsville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2021 was \$12.10 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 114,278,790
Commercial/industrial	27,030,200
<u>Public utility</u>	
Personal	<u>1,555,410</u>
Total assessed value	<u>\$ 142,864,400</u>

B. 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 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 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 50 percent of the income tax assessed by the City of St. Clairsville.

The general fund and the permanent improvement fund reach 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.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2021 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 are recorded as a receivable in the amount of \$18,413 may not be collected within one year.

The other governmental funds reflect loans receivable of \$566,384. 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.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 7 - RECEIVABLES - (Continued)

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

Governmental activities:

Local government revenue	\$ 74,805
Homestead/rollback reimbursement	58,509
Motor vehicle license and gasoline tax	160,847
Grant revenue	<u>36,874</u>
Total governmental activities	<u>\$ 331,035</u>

Revenue in Lieu of Taxes Receivable

In accordance with State law, the City established a tax increment financing ordinance for parcels known as the St. Clair Commons, for which the City has granted property tax exemptions to construct certain infrastructure improvements. On April 13, 2017, the Columbus-Franklin Finance Authority (Authority) issued \$2,335,000 in Series 2017 A revenue bonds, as part of the St. Clair Commons Public Infrastructure Project to finance the improvements, with interest payments beginning in 2017 (paid with the bonds' premium reserve), and the first principal payment beginning in 2019. The property owners have agreed to make payments to the City to reimburse annual debt service on the bonds, and to offset the affected school districts. The amount of those payments generally reflects all of the property taxes which the property owners would have paid if the improvements on the property had not been declared exempt. The property owners' contractual promise to make these payments in lieu of taxes will continue for the length of the agreement, which is not to exceed 30 years. For 2021, the estimated receivable for revenue in lieu of taxes in the amount of \$100,000 remains deferred.

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CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/21</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,360,478	\$ -	\$ -	\$ 1,360,478
Construction in progress	<u>15,282</u>	<u>-</u>	<u>-</u>	<u>15,282</u>
Total capital assets, not being depreciated	<u>1,375,760</u>	<u>-</u>	<u>-</u>	<u>1,375,760</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,669,226	-	-	4,669,226
Buildings and improvements	1,418,935	-	-	1,418,935
Machinery and equipment	778,391	22,090	-	800,481
Infrastructure	18,485,380	-	-	18,485,380
Vehicles	<u>881,014</u>	<u>83,036</u>	<u>-</u>	<u>964,050</u>
Total capital assets, being depreciated	<u>26,232,946</u>	<u>105,126</u>	<u>-</u>	<u>26,338,072</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,850,854)	(185,153)	-	(3,036,007)
Buildings and improvements	(1,070,153)	(30,269)	-	(1,100,422)
Machinery and equipment	(351,361)	(52,468)	-	(403,829)
Infrastructure	(13,144,412)	(634,696)	-	(13,779,108)
Vehicles	<u>(630,760)</u>	<u>(41,210)</u>	<u>-</u>	<u>(671,970)</u>
Total accumulated depreciation	<u>(18,047,540)</u>	<u>(943,796)</u>	<u>-</u>	<u>(18,991,336)</u>
Total capital assets, being depreciated, net	<u>8,185,406</u>	<u>(838,670)</u>	<u>-</u>	<u>7,346,736</u>
Governmental activities capital assets, net	<u>\$ 9,561,166</u>	<u>\$ (838,670)</u>	<u>\$ -</u>	<u>\$ 8,722,496</u>

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - CAPITAL ASSETS - (Continued)

	<u>Balance</u>			<u>Balance</u>
	<u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/21</u>
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 305,596	\$ -	\$ -	\$ 305,596
Total capital assets, not being depreciated	<u>305,596</u>	<u>-</u>	<u>-</u>	<u>305,596</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	67,975	-	-	67,975
Buildings and improvements	5,021,963	21,100	-	5,043,063
Machinery and equipment	2,655,021	62,779	(23,428)	2,694,372
Infrastructure	25,693,530	162,215	-	25,855,745
Vehicles	<u>1,306,682</u>	<u>17,275</u>	<u>-</u>	<u>1,323,957</u>
Total capital assets, being depreciated	<u>34,745,171</u>	<u>263,369</u>	<u>(23,428)</u>	<u>34,985,112</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(35,511)	(1,959)	-	(37,470)
Buildings and improvements	(1,667,445)	(122,185)	-	(1,789,630)
Machinery and equipment	(2,017,747)	(53,808)	23,428	(2,048,127)
Infrastructure	(11,343,102)	(542,425)	-	(11,885,527)
Vehicles	<u>(875,208)</u>	<u>(62,260)</u>	<u>-</u>	<u>(937,468)</u>
Total accumulated depreciation	<u>(15,939,013)</u>	<u>(782,637)</u>	<u>23,428</u>	<u>(16,698,222)</u>
Total capital assets, being depreciated, net	<u>18,806,158</u>	<u>(519,268)</u>	<u>-</u>	<u>18,286,890</u>
Business-type activities capital assets, net	<u>\$ 19,111,754</u>	<u>\$ (519,268)</u>	<u>\$ -</u>	<u>\$ 18,592,486</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 26,279
Security of persons and property	21,240
Transportation	679,404
Leisure time activity	<u>216,873</u>
Total depreciation expense - governmental activities	<u>\$ 943,796</u>

Business-type activities:

Water	\$ 206,731
Sewer	334,142
Light	<u>241,764</u>
Total depreciation expense - business-type activities	<u>\$ 782,637</u>

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 9 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation time based on the length of service. Typically, vacation cannot be carried over; however, unforeseen circumstances may come into play and the supervisor may elect to permit an employee to carryover minimal vacation time. 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.

B. 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 \$575 for single plan, \$1,264 for a spousal plan, \$971 plus children, and \$1,776 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 10 - CAPITAL LEASES

In 2020, the City entered into capitalized lease agreements for a police cruiser. The lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets have been capitalized in the statement of net position in the amount of \$52,565. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2021 was \$15,770, leaving a current book value of \$36,795. A corresponding liability was recorded in the statement of net position. Principal payments on the lease totaled \$16,536 paid by the police fund during 2021.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - CAPITAL LEASES - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2021

Year Ended <u>December 31,</u> 2022	<u>Governmental Activities Amount</u>
	\$ 18,897
Less: amount representing interest	<u>(1,220)</u>
Present value of net minimum lease payments	<u>\$ 17,677</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. During 2021, the following changes occurred in the City's governmental activities long-term obligations:

	<u>Interest Rate</u>	<u>Balance 12/31/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/21</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>						
<u>OPWC Loans (direct borrowing):</u>						
Bett-Mar (CR10L) - 2008	0.00%	\$ 52,467	\$ -	\$ (8,744)	\$ 43,723	\$ 5,829
St. Clairsville Road Project (CR25M) - 2010	0.00%	51,644	-	(7,378)	44,266	4,919
Resurfacing 22 Roads (CR03N) - 2011	0.00%	43,884	-	(5,724)	38,160	3,816
Road Resurfacing (CR02Q) - 2014	0.00%	<u>43,195</u>	-	<u>(6,479)</u>	<u>36,716</u>	<u>4,320</u>
Total OPWC loans		<u>191,190</u>	<u>-</u>	<u>(28,325)</u>	<u>162,865</u>	<u>18,884</u>
<u>General obligation bonds:</u>						
2016 refunding bonds - recreation Premium	2%-4%	60,000 <u>5,214</u>	- -	(5,000) <u>(434)</u>	55,000 <u>4,780</u>	5,000 <u>-</u>
Total general obligation bonds		<u>65,214</u>	<u>-</u>	<u>(5,434)</u>	<u>59,780</u>	<u>5,000</u>
<u>Other long-term liabilities:</u>						
Capital lease obligation		34,213	-	(16,536)	17,677	17,677
Net pension liability		2,077,242	14,380	(232,457)	1,859,165	-
Net OPEB liability		682,801	13,929	(487,747)	208,983	-
Compensated absences		<u>104,704</u>	<u>35,457</u>	<u>(46,667)</u>	<u>93,494</u>	<u>11,981</u>
Total other long-term liabilities		<u>2,898,960</u>	<u>63,766</u>	<u>(783,407)</u>	<u>2,179,319</u>	<u>29,658</u>
Total governmental activities long-term liabilities		<u>\$ 3,155,364</u>	<u>\$ 63,766</u>	<u>\$ (817,166)</u>	<u>\$ 2,401,964</u>	<u>\$ 53,542</u>

OPWC loans - The City received loans from the Ohio Public Works Commission (OPWC) to fund various road projects. The payments on the loans are made using gasoline and motor vehicle tax money. There is no interest on these loans.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

General obligation bonds - 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. The governmental activities portion of the 2007 various purpose bonds were used to pay for the costs of improvements to the City’s recreational facilities. The refunding bonds bear interest rates ranging from 2% - 4% and mature on December 1, 2032. The governmental activities portion of these bonds is retired from the recreation fund, a nonmajor governmental fund.

The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through maturity on December 1, 2032 using the straight-line method.

Net pension liability and net OPEB liability - See Notes 13 and 14 for details on the City’s net pension liability and net OPEB liability, respectively. The net pension and net OPEB liabilities will be paid primarily from the general fund, police fund, street fund and the following nonmajor governmental fund: recreation fund.

Compensated absences - Compensated absences for governmental activities will be paid from the fund in which the employee who has earned the leave is paid from, which, for the City, is primarily the general fund, police fund, street fund and the following nonmajor governmental fund: recreation fund.

Capital lease obligation - See Note 10 for a description of the City’s capital lease obligation.

- B.** The annual requirements amortize governmental activities long-term obligations outstanding as of December 31, 2021, are as follows:

Year Ended	G. O. Bonds - 2016 Refunding			OPWC Loans - Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 5,000	\$ 1,800	\$ 6,800	\$ 18,884	\$ -	\$ 18,884
2023	5,000	1,600	6,600	18,883	-	18,883
2024	5,000	1,400	6,400	18,884	-	18,884
2025	5,000	1,200	6,200	18,883	-	18,883
2026	5,000	1,000	6,000	18,884	-	18,884
2027 - 2031	25,000	2,850	27,850	68,447	-	68,447
2032	5,000	150	5,150	-	-	-
Totals	<u>\$ 55,000</u>	<u>\$ 10,000</u>	<u>\$ 65,000</u>	<u>\$ 162,865</u>	<u>\$ -</u>	<u>\$ 162,865</u>

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

C. During 2021, the following changes occurred in the City's business-type activities long-term obligations:

	<u>Interest Rate</u>	<u>Balance 12/31/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/21</u>	<u>Due Within One Year</u>
<u>Business-type activities:</u>						
<u>OWDA loans - direct borrowings:</u>						
WWTP improvements - #7233	2.71%	\$ 1,504,454	\$ -	\$ (94,028)	\$ 1,410,426	\$ 94,028
New reservoir improvement - #8368	0.6%-1.85%	1,075,410	-	(49,900)	1,025,510	50,474
East end Belmont county water connection - #9484	1.28%	-	624	-	624	-
Total OWDA loans		<u>2,579,864</u>	<u>624</u>	<u>(143,928)</u>	<u>2,436,560</u>	<u>144,502</u>
<u>OPWC loans - direct borrowings:</u>						
Belmont Dr. pump station replace. - CR20H	0.02%	29,217	-	(5,923)	23,294	4,048
East Main force liner - CR23F	0.02%	50,076	-	(18,313)	31,763	12,516
Wastewater system repairs - CR13E	0.02%	34,756	-	(11,241)	23,515	7,682
Water transmission system - CR05H	0.02%	18,124	-	(4,330)	13,794	2,960
New reservoir improvement - CR24V	0.00%	201,654	-	-	201,654	-
Total OPWC loans		<u>333,827</u>	<u>-</u>	<u>(39,807)</u>	<u>294,020</u>	<u>27,206</u>
<u>General obligation bonds:</u>						
2016 refunding bonds - water system	2%-4%	160,000	-	(10,000)	150,000	10,000
Premium		12,751	-	(1,062)	11,689	-
2016 refunding bonds - sewer system	2%-4%	105,000	-	(10,000)	95,000	10,000
Premium		8,992	-	(865)	8,127	-
2016 refunding bonds - light system	2%-4%	3,285,000	-	(300,000)	2,985,000	305,000
Premium		282,695	-	(31,497)	251,198	-
Total general obligations bonds		<u>3,854,438</u>	<u>-</u>	<u>(353,424)</u>	<u>3,501,014</u>	<u>325,000</u>
<u>Other long-term liabilities:</u>						
Compensated absences		53,884	55,905	(35,812)	73,977	9,480
Net pension liability		1,264,561	-	(285,283)	979,278	-
Net OPEB liability		825,693	-	(825,693)	-	-
Intergovernmental payable		21,256	-	-	21,256	6,963
Total other long-term liabilities		<u>2,165,394</u>	<u>55,905</u>	<u>(1,146,788)</u>	<u>1,074,511</u>	<u>16,443</u>
Total business-type long-term obligations		<u>\$ 8,933,523</u>	<u>\$ 56,529</u>	<u>\$ (1,683,947)</u>	<u>\$ 7,306,105</u>	<u>\$ 513,151</u>

OWDA loans - The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund water and sewer projects. The amounts due to the OWDA are payable from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. The loan agreements require semi-annual payments based on the permissible borrowings rather than the actual amount loaned. Future annual debt service principal and interest requirements for the open loans (New Reservoir Improvement and East End Belmont County Water Connection), which have a total balance of \$1,026,134 at December 31, 2021, are not available.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The City has pledged future sewer revenues to repay certain OWDA loans. The loans are payable solely from sewer fund revenues and are payable through 2036. The total principal and interest remaining to be paid on the sewer OWDA loans is \$3,117,075. Annual principal and interest payments on the loans are expected to require 12.70 percent of net revenues and 8.56 percent of total revenues. Principal and interest paid for the current year were \$134,162, total net revenues were \$1,056,171 and total revenues were \$1,567,693.

The City has pledged future water revenues to repay certain OWDA loans. The loans are payable solely from water fund revenues. A debt service schedule will be available when the loan is closed out. Annual principal and interest payments on the loans are expected to require 5.72 percent of net revenues and 4.14 percent of total revenues. Principal and interest paid for the current year were \$67,242, total net revenues were \$1,175,782 and total revenues were \$1,624,947.

OPWC loans - The City received loans from the Ohio Public Works Commission (OPWC) to fund improvements of the water and sewer systems. The loans will be paid from revenues derived from charges for services in the water and sewer funds.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

The City has pledged future sewer revenues to repay certain OPWC loans. The loans are payable solely from sewer fund revenues and are payable through 2027. The total principal and interest remaining to be paid on the sewer OPWC loans is \$81,782. Annual principal and interest payments on the loans are expected to require 3.65 percent of net revenues and 2.46 percent of total revenues. Principal and interest paid for the current year were \$38,546, total net revenues were \$1,056,171 and total revenues were \$1,567,693.

The City has pledged future water revenues to repay certain OPWC loans. The loans are payable solely from water fund revenues. The loans are payable solely from water fund revenues and are payable through 2026. The total principal and interest remaining to be paid on the sewer OPWC loan (for which a debt service schedule was available for) is \$14,493. Annual principal and interest payments on the loans are expected to require 0.41 percent of net revenues and 0.30 percent of total revenues. Principal and interest paid for the current year were \$4,831, total net revenues were \$1,175,782 and total revenues were \$1,624,947.

Future annual debt service principal and interest requirements for the open loan (New Reservoir Improvement), which has a total balance of \$201,654 at December 31, 2021, are not available.

General obligation bonds - 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. The business-type activities portions of the 2007 various purpose bonds were used to pay for the costs of improvements to the City's water, sewer and electric systems. The refunding bonds bear interest rates ranging from 2% - 4% and mature on December 1, 2032. The business-type activities portions of these bonds are retired from the water fund, sewer fund and light fund.

The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to interest expense through maturity on December 1, 2032 using the straight-line method.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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.

Compensated absences - Compensated absences for business-type activities will be paid from the water, sewer and light funds.

Net pension liability and net OPEB liability - See Notes 13 and 14 for details on the City’s net pension liability and net OPEB liability, respectively. The net pension and net OPEB liabilities will be paid from the water, sewer and light funds.

D. The annual requirements amortize business-type activities long-term obligations outstanding as of December 31, 2021, are as follows:

Year Ended	OWDA Loans - Direct Borrowing			OPWC Loans - Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 94,028	\$ 131,614	\$ 225,642	\$ 27,206	\$ 1,712	\$ 28,918
2023	94,029	129,066	223,095	27,753	1,165	28,918
2024	94,028	126,517	220,545	21,766	608	22,374
2025	94,029	123,969	217,998	7,439	276	7,715
2026	94,028	121,421	215,449	5,978	126	6,104
2027 - 2031	470,142	568,883	1,039,025	2,224	22	2,246
2032 - 2036	470,142	505,179	975,321	-	-	-
Totals	<u>\$ 1,410,426</u>	<u>\$ 1,706,649</u>	<u>\$ 3,117,075</u>	<u>\$ 92,366</u>	<u>\$ 3,909</u>	<u>\$ 96,275</u>

Year Ended	G.O. Bonds - 2016 Refunding			Intergovernmental Payable		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 325,000	\$ 108,300	\$ 433,300	\$ 6,963	\$ -	\$ 6,963
2023	335,000	95,300	430,300	6,963	-	6,963
2024	355,000	81,900	436,900	7,330	-	7,330
2025	370,000	67,700	437,700	-	-	-
2026	310,000	52,900	362,900	-	-	-
2027 - 2031	1,275,000	141,250	1,416,250	-	-	-
2032	260,000	7,800	267,800	-	-	-
Totals	<u>\$ 3,230,000</u>	<u>\$ 555,150</u>	<u>\$ 3,785,150</u>	<u>\$ 21,256</u>	<u>\$ -</u>	<u>\$ 21,256</u>

E. The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City’s legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2021, the City’s total debt margin was \$14,945,762 and the unvoted debt margin was \$7,802,542.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - RISK MANAGEMENT

A. Property and Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City contracts 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 City has transferred its risk of loss to the insurance carrier to the extent of the limits shown below.

Building and contents - replacement cost (\$5,000 deductible)	\$	31,362,924
Flood coverage (\$50,000 deductible)		5,000,000
Earthquake (\$50,000 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		3,000,000
Products completed operations aggregate limit		3,000,000
Personal & advertising injury limit		1,000,000
Limit per occurrence		1,000,000
Damage to premises rented to you limit		100,000
Employee benefits (\$5,000 deductible)		1,000,000
Public officials liability:		
Aggregate		3,000,000
Each occurrence (\$5,000 deductible)		1,000,000
Employment practices:		
Aggregate		3,000,000
Each occurrence (\$5,000 deductible)		1,000,000
Back wages limit (\$5,000 deductible)		250,000
Law enforcement liability:		
Aggregate		1,000,000
Each person/occurrence (\$5,000 deductible)		1,000,000
Umbrella:		
Aggregate		5,000,000
Each occurrence (\$10,000 deductible)		5,000,000
Police dog (\$1,000 deductible)		25,000
Computer (\$1,000 deductible)		205,500
Equipment (\$1,000 deductible)		1,187,466
Rented		75,000
Cyber liability		1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Workers' Compensation

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

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset 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 pension disclosures. See Note 14 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police, 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. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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 who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. 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 3.00%.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The City's contractually required contribution for the Traditional Pension Plan and Member-Directed Plan was \$232,771 for 2021. Of this amount, \$29,318 is reported as intergovernmental payable.

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before 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, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report 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.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Police</u>
2021 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2021 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$112,536 for 2021. Of this amount, \$16,519 is reported as intergovernmental payable.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability or 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:

	<u>OPERS - Traditional</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.010177%	0.000807%	0.019747%	
Proportion of the net pension liability/asset current measurement date	<u>0.010088%</u>	<u>0.001332%</u>	<u>0.019724%</u>	
Change in proportionate share	<u>-0.000089%</u>	<u>0.000525%</u>	<u>-0.000022%</u>	
Proportionate share of the net pension liability	\$ 1,493,813	\$ -	\$ 1,344,630	\$ 2,838,443
Proportionate share of the net pension asset	-	(244)	-	(244)
Pension expense	(176,126)	(174)	107,727	(68,573)

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ -	\$ 173	\$ 56,210	\$ 56,383
Changes of assumptions	-	4	22,550	22,554
Changes in employer's proportionate percentage/difference between employer contributions	38,237	-	32,740	70,977
Contributions subsequent to the measurement date	232,291	480	112,536	345,307
Total deferred outflows of resources	<u>\$ 270,528</u>	<u>\$ 657</u>	<u>\$ 224,036</u>	<u>\$ 495,221</u>
	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 62,486	\$ -	\$ 52,386	\$ 114,872
Net difference between projected and actual earnings on pension plan investments	582,246	26	65,224	647,496
Changes in employer's proportionate percentage/difference between employer contributions	114,337	-	34,919	149,256
Total deferred inflows of resources	<u>\$ 759,069</u>	<u>\$ 26</u>	<u>\$ 152,529</u>	<u>\$ 911,624</u>

\$345,307 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/asset in the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Year Ending December 31:	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
2022	\$ (319,567)	\$ 17	\$ (7,965)	\$ (327,515)
2023	(84,513)	21	29,393	(55,099)
2024	(237,343)	16	(58,165)	(295,492)
2025	(79,409)	18	(6,842)	(86,233)
2026	-	20	2,550	2,570
Thereafter	-	59	-	59
Total	\$ (720,832)	\$ 151	\$ (41,029)	\$ (761,710)

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, 2020, 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, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

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.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

During 2020, 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 11.70% for 2020.

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 long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board’s investment consultant.

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. 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.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,849,456	\$ 1,493,813	\$ 366,598
Member-Directed Plan	(213)	(244)	(266)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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 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. 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 calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below.

Valuation date	1/1/20 with actuarial liabilities rolled forward to 12/31/20
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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

<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 Buck Modified 2016 Improvement Scale.

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

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 and Guidelines. 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 average 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, 2020 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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 the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. 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.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%, 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%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 1,871,897	\$ 1,344,630	\$ 903,361

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability/asset.

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. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and 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 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$192 for 2021. Of this amount, \$24 is reported as intergovernmental payable.

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.

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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.

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

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% 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 2021, the portion of employer contributions allocated to health care was 0.50% 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 \$2,961 for 2021. Of this amount, \$435 is reported as intergovernmental payable.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. 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&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.009509%	0.019747%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.009448%</u>	<u>0.019724%</u>	
Change in proportionate share	<u>-0.000061%</u>	<u>-0.000022%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 208,983	\$ 208,983
Proportionate share of the net OPEB asset	(168,324)	-	(168,324)
OPEB expense	(1,134,914)	22,789	(1,112,125)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Changes of assumptions	\$ 82,752	\$ 115,452	\$ 198,204
Changes in employer's proportionate percentage/difference between employer contributions	20,704	34,077	54,781
Contributions subsequent to the measurement date	<u>192</u>	<u>2,961</u>	<u>3,153</u>
Total deferred outflows of resources	<u>\$ 103,648</u>	<u>\$ 152,490</u>	<u>\$ 256,138</u>

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 151,912	\$ 34,471	\$ 186,383
Net difference between projected and actual earnings on OPEB plan investments	89,652	7,766	97,418
Changes of assumptions	272,735	33,315	306,050
Changes in employer's proportionate percentage/difference between employer contributions	71,367	21,172	92,539
Total deferred inflows of resources	<u>\$ 585,666</u>	<u>\$ 96,724</u>	<u>\$ 682,390</u>

\$3,153 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 the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2022	\$ (273,496)	\$ 11,768	\$ (261,728)
2023	(159,193)	13,607	(145,586)
2024	(38,959)	10,710	(28,249)
2025	(10,562)	10,370	(192)
2026	-	3,062	3,062
Thereafter	-	3,288	3,288
Total	<u>\$ (482,210)</u>	<u>\$ 52,805</u>	<u>\$ (429,405)</u>

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, 2019, rolled forward to the measurement date of December 31, 2020.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

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

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

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

During 2020, 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 10.50% for 2020.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 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.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. 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 the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 41,855	\$ 168,324	\$ 272,291

Sensitivity of the City's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% 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 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 172,426	\$ 168,324	\$ 163,734

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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.

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.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.96%
Prior measurement date	3.56%
Cost of Living Adjustments	2.20% simple per year

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%.

<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 long-term expected rate of return on OPEB 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.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2020, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: assumptions are geometric.

* levered 2.5x

** numbers include inflation

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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. 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 8.00%. 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 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 2.96% for 2020 and 3.56% for 2019. 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 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - 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 2.96%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96%), or one percentage point higher (3.96%) than the current rate.

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 260,590	\$ 208,983	\$ 166,414

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 15 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general fund, police fund and street fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures/expenses and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented.

Net Change in Fund Balance

	<u>General</u>	<u>Police</u>	<u>Street</u>
Budget basis	\$ 253,294	\$ (77,135)	\$ 209,067
Net adjustment for revenue accruals	18,622	7,878	(2,751)
Net adjustment for expenditure accruals	3,348	(522)	2,934
Adjustment for encumbrances	<u>12,328</u>	<u>6,926</u>	<u>3,799</u>
GAAP basis	<u>\$ 287,592</u>	<u>\$ (62,853)</u>	<u>\$ 213,049</u>

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 16 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous 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 any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2021.

B. Litigation

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

C. 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.

D. 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 2021, the City received royalty payments of \$22,355. 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 17 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End</u> <u>Encumbrances</u>
General fund	\$ 11,546
Police	5,628
Street	2,379
Nonmajor governmental funds	<u>677</u>
Total	<u>\$ 20,230</u>

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 18 - FUND BALANCE

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

Fund Balance	General	Police	Street	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepayments	\$ 13,343	\$ 10,950	\$ 3,393	\$ -	\$ 2,000	\$ 29,686
Materials and supplies inventory	1,173	10,768	10,903	-	-	22,844
Loans	68,561	-	-	-	-	68,561
Unclaimed monies	<u>13,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,990</u>
Total nonspendable	<u>97,067</u>	<u>21,718</u>	<u>14,296</u>	<u>-</u>	<u>2,000</u>	<u>135,081</u>
Restricted:						
Capital projects	-	-	-	1,758,089	-	1,758,089
Police services	-	193,244	-	-	-	193,244
Court/safety programs	-	-	-	-	57,198	57,198
Transportation projects	-	-	646,249	-	-	646,249
Recreation	-	-	-	-	137,503	137,503
Community and economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>896,620</u>	<u>896,620</u>
Total restricted	<u>-</u>	<u>193,244</u>	<u>646,249</u>	<u>1,758,089</u>	<u>1,091,321</u>	<u>3,688,903</u>
Committed:						
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,980</u>	<u>194,980</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,980</u>	<u>194,980</u>
Assigned:						
General government	11,449	-	-	-	-	11,449
Community and economic development	97	-	-	-	-	97
Subsequent year appropriations	<u>157,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,251</u>
Total assigned	<u>168,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,797</u>
Unassigned (deficit)	<u>2,584,493</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,606)</u>	<u>2,548,887</u>
Total fund balances	<u>\$ 2,850,357</u>	<u>\$ 214,962</u>	<u>\$ 660,545</u>	<u>\$ 1,758,089</u>	<u>\$ 1,252,695</u>	<u>\$ 6,736,648</u>

CITY OF ST. CLAIRSVILLE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 19 - 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 20 - SUBSEQUENT EVENTS

The City will be borrowing \$1.75 million from the EPA and getting a \$5 million grant from the EPA for Phase I and Phase II of the water distribution project.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. CLAIRSVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS (1) *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.010088%	0.010177%	0.011646%	0.013040%
City's proportionate share of the net pension liability	\$ 1,493,813	\$ 2,011,553	\$ 3,189,603	\$ 2,045,725
City's covered payroll	\$ 1,488,271	\$ 1,436,614	\$ 1,572,964	\$ 1,600,908
City's proportionate share of the net pension liability as a percentage of its covered payroll	100.37%	140.02%	202.78%	127.79%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Member Directed Plan:</i>				
City's proportion of the net pension liability	0.001332%	0.000807%		
City's proportionate share of the net pension asset	\$ 244	\$ 32		
City's covered payroll	\$ 8,010	N/A		
City's proportionate share of the net pension asset as a percentage of its covered payroll	3.05%	N/A		
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%		

(1) Information prior to 2014 was not available for the Traditional Plan and 2020 was the first year the City had participants in the Member Directed Plan. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

N/A - Information is not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.013508%	0.013883%	0.001432%	0.014317%
\$ 3,067,440	\$ 2,404,711	\$ 1,726,789	\$ 1,687,788
\$ 1,737,008	\$ 1,759,371	\$ 1,755,358	\$ 1,763,231
176.59%	136.68%	98.37%	95.72%
77.25%	81.08%	86.45%	86.36%

CITY OF ST. CLAIRSVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT YEARS (1) *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.019724%	0.019747%	0.019880%	0.020579%
City's proportionate share of the net pension liability	\$ 1,344,630	\$ 1,330,250	\$ 1,622,731	\$ 1,263,026
City's covered payroll	\$ 551,489	\$ 520,784	\$ 489,379	\$ 490,021
City's proportionate share of the net pension liability as a percentage of its covered payroll	243.82%	255.43%	331.59%	257.75%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%	63.07%	70.91%

(1) Information prior to 2014 was not unavailable. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.019091%	0.020279%	0.019396%	0.019396%
\$ 1,209,204	\$ 1,304,564	\$ 1,004,794	\$ 944,646
\$ 455,768	\$ 457,877	\$ 427,216	\$ 406,739
265.31%	284.92%	235.20%	232.25%
68.36%	66.77%	72.20%	73.00%

CITY OF ST. CLAIRSVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST NINE YEARS (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 232,291	\$ 208,358	\$ 201,126	\$ 220,215
Contributions in relation to the contractually required contribution	<u>(232,291)</u>	<u>(208,358)</u>	<u>(201,126)</u>	<u>(220,215)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,659,221	\$ 1,488,271	\$ 1,436,614	\$ 1,572,964
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 480	\$ 801		
Contributions in relation to the contractually required contribution	<u>(480)</u>	<u>(801)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
City's covered payroll	\$ 4,800	\$ 8,010		
Contributions as a percentage of covered payroll	10.00%	10.00%		

(1) Although this schedule is intended to reflect information for 10 years, information prior to 2013 is not available for the Traditional Plan and 2020 was the first year the City contributed to the Member Directed Plan. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 208,118	\$ 208,441	\$ 211,125	\$ 210,643	\$ 229,220
<u>(208,118)</u>	<u>(208,441)</u>	<u>(211,125)</u>	<u>(210,643)</u>	<u>(229,220)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,600,908	\$ 1,737,008	\$ 1,759,371	\$ 1,755,358	\$ 1,763,231
13.00%	12.00%	12.00%	12.00%	13.00%

CITY OF ST. CLAIRSVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 112,536	\$ 104,783	\$ 98,949	\$ 92,982
Contributions in relation to the contractually required contribution	<u>(112,536)</u>	<u>(104,783)</u>	<u>(98,949)</u>	<u>(92,982)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 592,295	\$ 551,489	\$ 520,784	\$ 489,379
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 93,104	\$ 86,596	\$ 86,997	\$ 81,171	\$ 64,604	\$ 54,882
<u>(93,104)</u>	<u>(86,596)</u>	<u>(86,997)</u>	<u>(81,171)</u>	<u>(64,604)</u>	<u>(54,882)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 490,021	\$ 455,768	\$ 457,877	\$ 427,216	\$ 406,739	\$ 430,447
19.00%	19.00%	19.00%	19.00%	15.88%	12.75%

CITY OF ST. CLAIRSVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS (1) *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.009448%	0.009509%	0.010878%	0.012200%	0.013100%
City's proportionate share of the net OPEB liability/(asset)	\$ (168,324)	\$ 1,313,440	\$ 1,418,236	\$ 1,324,831	\$ 1,323,145
City's covered payroll	\$ 1,496,281	\$ 1,436,614	\$ 1,577,764	\$ 1,604,333	\$ 1,740,733
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	11.25%	91.43%	89.89%	82.58%	76.01%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 was unavailable. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. CLAIRSVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS (1) *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.019724%	0.019747%	0.019880%	0.020579%	0.019091%
City's proportionate share of the net OPEB liability	\$ 208,983	\$ 195,054	\$ 181,038	\$ 1,165,977	\$ 906,207
City's covered payroll	\$ 551,489	\$ 520,784	\$ 489,379	\$ 490,021	\$ 455,768
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.89%	37.45%	36.99%	237.94%	198.83%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%	46.57%	14.13%	15.96%

(1) Information prior to 2017 was unavailable. The schedule is intended to show information for 10 years. Additional information will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ST. CLAIRSVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SIX YEARS (1) *

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 192	\$ 320	\$ -	\$ 192
Contributions in relation to the contractually required contribution	<u>(192)</u>	<u>(320)</u>	<u>-</u>	<u>(192)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,664,021	\$ 1,496,281	\$ 1,436,614	\$ 1,577,764
Contributions as a percentage of covered payroll	0.01%	0.02%	0.00%	0.01%

(1) Although this schedule is intended to reflect information for 10 years, information prior to 2016 is not available. Additional years will be displayed as they become available.

* The OPEB plan includes participants from the Traditional and Member Directed Plan for 2020. Prior to 2020, the City only had participants in the Traditional Plan.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>
\$ 16,146	\$ 34,877
<u>(16,146)</u>	<u>(34,877)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 1,604,333	\$ 1,740,433
1.01%	2.00%

CITY OF ST. CLAIRSVILLE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,961	\$ 2,757	\$ 2,604	\$ 2,447
Contributions in relation to the contractually required contribution	<u>(2,961)</u>	<u>(2,757)</u>	<u>(2,604)</u>	<u>(2,447)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 592,295	\$ 551,489	\$ 520,784	\$ 489,379
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,450	\$ 2,279	\$ 2,289	\$ 2,136	\$ 14,710	\$ 29,055
<u>(2,450)</u>	<u>(2,279)</u>	<u>(2,289)</u>	<u>(2,136)</u>	<u>(14,710)</u>	<u>(29,055)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 490,021	\$ 455,768	\$ 457,877	\$ 427,216	\$ 406,739	\$ 430,447
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)

CITY OF ST. CLAIRSVILLE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% down to 3.16%, (b) the municipal bond rate was decreased from 3.71% down to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% down to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% down to 3.56%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% down to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2021, 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 18, 2022, wherein we noted as described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of St. Clairsville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of St. Clairsville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of St. Clairsville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of St. Clairsville's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of St. Clairsville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of St. Clairsville

Belmont County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Purpose of this Report

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in dark ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.

August 18, 2022

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 10/11/2022

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