



Mary Taylor, CPA
Auditor of State

**CITY OF ST. CLAIRSVILLE
BELMONT COUNTY**

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BELMONT COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Street, and Police Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The Federal Awards Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 17, 2010

City of St. Clairsville
Management's Discussion and Analysis
For the Year Ended December 31, 2009
(Unaudited)

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, 2009. 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 2009 are as follows:

- General Revenues accounted for \$1,404,643 in revenue or 32 percent of all revenues for governmental activities and \$119,016 or 1.8 percent of all revenues in business-type activities. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$3,025,939 or 68 percent of total revenues of \$4,430,582 for governmental activities. Business-type accounted for \$6,347,832 of program specific revenues or 98.2 percent of total revenues of \$6,466,848.
- Total program expenses were \$10,332,984. \$3,135,780 in governmental activities and \$7,197,204 in business-type activities.
- In total, net assets increased \$564,446. Net assets of governmental activities increased \$1,294,802. Net assets of business-type activities decreased \$730,356 from 2008.
- Outstanding debt, including capital leases, decreased from \$8,429,013 in 2008 to \$8,350,886 in 2009. This decrease was a result of principal payments during the year.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City of St. Clairsville as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City operations, as they prefer.

The Statement of Net Assets and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2009 and how they affected the operations of the City as a whole.

Reporting the City of St. Clairsville as a Whole

Statement of Net Assets and the Statement of Activities

The *Statement of Net Assets 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. In the case of St. Clairsville, the general, street, police, transportation enhancement, and federal highway administration funds are the most significant governmental funds. The water, sewer, and light funds are the significant enterprise funds.

City of St. Clairsville
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2009
(Unaudited)

A question typically asked about the City's finances "How did we do financially during fiscal year 2009?" The Statement of Net Assets 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 most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, and other factors.

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

- ✓ Governmental Activities - Most of the City's programs and services are reported here, including general government, security of persons and property, community and economic development, leisure time activities and transportation.
- ✓ Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's business-type activities are water, sewer and light.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general, street, police, transportation enhancement and federal highway administration funds.

Governmental Funds - Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police protection, as well as improving and maintaining the City's streets, parks, cemeteries and City Hall. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, street, police, transportation enhancement and federal highway administration funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

City of St. Clairsville
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2009
(Unaudited)

The City adopts an annual appropriated budget for each of its funds. A budgetary comparison statement has been provided for the general fund and each major special revenue fund to demonstrate compliance with this budget.

Proprietary Funds - Proprietary funds use the same basis of accounting as business-type activities (water, sewer and light); therefore, these statements will essentially match.

The City of St. Clairsville as a Whole

Recall that the Statement of Net Assets provides the perspective of the City as a whole.

Table 1 provides a summary of the City's net assets for 2009 compared to 2008:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and Other Assets	\$ 2,322,349	\$ 3,801,370	\$ 4,959,163	\$ 5,554,182	\$ 7,281,512	\$ 9,355,552
Capital Assets	7,655,249	5,200,702	9,106,932	9,579,597	16,762,181	14,780,299
Total Assets	9,977,598	9,002,072	14,066,095	15,133,779	24,043,693	24,135,851
Liabilities:						
Long-Term Liabilities	1,434,848	1,316,235	7,022,809	7,209,524	8,457,657	8,525,759
Other Liabilities	864,857	1,302,746	678,639	829,252	1,543,496	2,131,998
Total Liabilities	2,299,705	2,618,981	7,701,448	8,038,776	10,001,153	10,657,757
Net Assets:						
Invested in Capital						
Assets, Net of Debt	6,300,660	3,959,006	3,659,611	3,572,068	9,960,271	7,531,074
Restricted	1,416,586	1,782,974	0	0	1,416,586	1,782,974
Unrestricted	(39,353)	641,111	2,705,036	3,522,935	2,665,683	4,164,046
Total Net Assets	\$ 7,677,893	\$ 6,383,091	\$ 6,364,647	\$ 7,095,003	\$ 14,042,540	\$ 13,478,094

Total assets decreased by \$92,158 with governmental assets increasing \$975,526 and business-type assets decreasing \$1,067,684. The \$1,479,021 decrease in current assets of the governmental activities was due to significant decreases in grants receivable and estate taxes receivable in 2009. In 2008, the majority of grants receivable were new non-reimbursable grants covering a two-year period. By the end of 2009, the majority of these grants were expended. Capital assets of the governmental activities increased \$2,454,547, the result of ongoing construction projects relating to the City's bike trail. The majority of the decrease in total assets for business-type activities was a result of a decrease in cash due to expenses exceeding revenues. Additionally, capital assets of the business-type activities decreased \$472,665 due to depreciation exceeding current year acquisitions.

City of St. Clairsville
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2009
(Unaudited)

Total liabilities decreased by \$656,604 with governmental liabilities decreasing \$319,276 and business-type liabilities decreasing \$337,328. The decrease of liabilities in governmental activities is due to the decrease in contracts payable related to various projects that were in progress at year end. The decrease in business-type activities was due largely to repayments of debt in 2009.

Total net assets increased by \$564,446. This number reflects an increase of \$1,294,802 in governmental activities and a decrease of \$730,356 in the net assets of the business-type activities. Table 2 shows the changes in net assets for fiscal years 2009 and 2008. This table presents two fiscal years in side-by-side comparisons. This will enable the reader to draw further conclusion about the City's financial status and possibly project future problems.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 276,223	\$ 285,217	\$ 6,347,832	\$ 6,260,921	\$ 6,624,055	\$ 6,546,138
Operating Grants	2,140,478	1,233,699	0	0	2,140,478	1,233,699
Capital Grants	609,238	817,451	0	0	609,238	817,451
<i>General Revenues:</i>						
Property Taxes	784,235	836,545	1,220	0	785,455	836,545
Kilowatt Per Hour Taxes	0	0	19,046	24,882	19,046	24,882
Grants and Entitlements	421,287	891,893	0	0	421,287	891,893
Unrestricted Contributions	30	0	0	0	30	0
Investments	94,133	204,493	0	0	94,133	204,493
Other	104,958	191,556	98,750	72,754	203,708	264,310
Total Revenues	4,430,582	4,460,854	6,466,848	6,358,557	10,897,430	10,819,411
Program Expenses						
General Government	366,145	372,272	0	0	366,145	372,272
Security of Persons and Property	1,087,923	1,049,542	0	0	1,087,923	1,049,542
Transportation	536,574	570,477	0	0	536,574	570,477
Public Health Services	32,527	16,300	0	0	32,527	16,300
Community and Economic Development	597,313	1,121,788	0	0	597,313	1,121,788
Leisure Time Activities	465,524	494,204	0	0	465,524	494,204
Interest and Fiscal Charges	49,774	52,839	0	0	49,774	52,839
<i>Enterprise Operations:</i>						
Water	0	0	1,171,863	1,190,753	1,171,863	1,190,753
Sewer	0	0	1,072,952	1,020,091	1,072,952	1,020,091
Light	0	0	4,952,389	5,015,802	4,952,389	5,015,802
Total Program Expenses	3,135,780	3,677,422	7,197,204	7,226,646	10,332,984	10,904,068
<i>Increase (Decrease) in Net Assets</i>						
<i>Before Transfers</i>	1,294,802	783,432	(730,356)	(868,089)	564,446	(84,657)
Transfers	0	(295,898)	0	295,898	0	0
Increase (Decrease) in Net Assets	\$ 1,294,802	\$ 487,534	\$ (730,356)	\$ (572,191)	\$ 564,446	\$ (84,657)

City of St. Clairsville
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2009
(Unaudited)

Governmental Activities

The funding for the governmental activities comes from several different sources. Prominent sources are property taxes, grants and entitlements, and charges for services. General revenues include property taxes and grants and entitlements, such as local government funds. With the combination of general and program revenues, all expenses in the governmental activities are funded. The City monitors its source of revenues very closely for fluctuations. Intergovernmental revenues increased this year causing an increase in governmental net asset balance.

Security of persons and property represents the largest expense of the Governmental Activities. This expense of \$1,087,923 represents 35 percent of the total governmental activities expenses. This department operates out of the police fund.

Business-Type Activities

Business-type activities include water, sewer and light operations. The revenues are generated primarily from charges for services. In 2009, charges for services of \$6,347,832 accounted for 98.2 percent of the business-type revenues. The total expenses for the utilities were \$7,197,204. The decrease in revenues outpaced the decrease in expenses during the year causing a decrease in net assets for business-type activities.

The City's Funds

Information about the City's governmental funds begins on page 13. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues (including other financing sources) of \$6,472,175 and expenditures (including other financing uses) of \$7,088,770. The City's general fund balance decreased by \$297,744 and the street fund balance decreased by \$34,746. These decreases in fund balances can be attributed to expenditures increasing faster than revenues. The police fund balance decreased by \$15,231. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

Information about the proprietary funds starts on page 20. These funds are accounted for on an accrual basis. All business type funds had operating expenses of \$6,902,094 and operating revenues of \$6,446,582.

City of St. Clairsville
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2009
(Unaudited)

General Fund Budgeting Highlights

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

During the course of 2009, the City amended its general fund budget on various occasions. All recommendations for appropriation changes come to Council from the City Finance Director. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

For the general fund, final budget basis revenue was \$1,865,478 and the original budget estimate was \$1,254,478. Of this \$611,000 increase, most was attributable to an increase in intergovernmental revenue.

Final appropriations (including other financing uses) of \$2,026,000 were \$610,000 higher than the \$1,416,000 in the original budget. This increase is due to increases in transfers out and general government expenditures for employee benefits.

Capital Assets and Debt Administration

Capital Assets

At the end of year 2009, the City had \$16,762,181 in land, buildings, improvements other than buildings, machinery and equipment, vehicles, infrastructure and CIP. A total of \$7,655,249 of this was for governmental activities with the remainder attributable to business-type activities. Table 3 shows fiscal year 2009 balances compared with 2008.

(Table 3)
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 1,271,438	\$ 1,271,438	\$ 320,596	\$ 320,596	\$ 1,592,034	\$ 1,592,034
Buildings	351,207	340,352	1,630,800	1,693,664	1,982,007	2,034,016
Improvements Other Than Buildings	82,192	75,559	0	0	82,192	75,559
Machinery and Equipment	260,962	279,949	409,289	435,323	670,251	715,272
Vehicles	160,806	118,127	106,728	106,994	267,534	225,121
Infrastructure	3,432,041	3,061,132	6,639,519	7,004,742	10,071,560	10,065,874
CIP	2,096,603	54,145	0	18,278	2,096,603	72,423
Totals	<u>\$ 7,655,249</u>	<u>\$ 5,200,702</u>	<u>\$ 9,106,932</u>	<u>\$ 9,579,597</u>	<u>\$ 16,762,181</u>	<u>\$ 14,780,299</u>

The \$1,981,882 increase in capital assets was attributable to additional purchases exceeding current year depreciation. Note 8 provides capital asset activity during the 2009 year.

City of St. Clairsville
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2009
(Unaudited)

Debt

The outstanding debt for the City of St. Clairsville as of December 31, 2009 was \$8,350,886 with \$304,542 due within one year. Table 4 summarizes outstanding debt.

(Table 4)
Outstanding Debt, at December 31

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 245,000	\$ 280,000	\$ 6,495,157	\$ 6,673,204	\$ 6,740,157	\$ 6,953,204
Rural Development Bonds	0	0	121,238	123,657	121,238	123,657
OPWC Loans	208,301	62,573	379,902	390,456	588,203	453,029
Recreation Commercial Loan	862,491	899,123	0	0	862,491	899,123
Capital Leases	38,797	0	0	0	38,797	0
<i>Total</i>	<u>\$ 1,354,589</u>	<u>\$ 1,241,696</u>	<u>\$ 6,996,297</u>	<u>\$ 7,187,317</u>	<u>\$ 8,350,886</u>	<u>\$ 8,429,013</u>

The recreation commercial loan is for the purpose of acquiring land. The principal and interest for this bond is paid from the collection of recreation fees and general revenues. The OPWC loans and the Rural Development Bonds are for various water and sewer projects. The general obligation bonds are to fund various projects throughout the City.

Additional information concerning the City's debt can be found in Note 14 to the basic financial statements.

City of St. Clairsville
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2009
(Unaudited)

Current Financial Issues

The City of St. Clairsville continues to be a progressive small town. We underwent major improvements to the National Road Bike Way tunnel and trestle. We continued work on the Clarendon project completing phase two which consists of an elevator, machine room, and new stairway, all of which were paid by several grants. The City also contracted with an architect to prepare plans for the final phase which will complete the hotel with a restaurant on the first floor and rooms on the second and third floor. We will be looking at financing in early 2010. We received a combination grant and loan for a \$500,000 paving project which covered many streets throughout the City.

The economic conditions of the State of Ohio and the rest of the United States has finally reached St. Clairsville. The City placed a renewal levy on the ballot with a replacement levy in order to draw revenue on today's property assessments. It more than doubled our real estate taxes on the old levy. A previous audit adjustment resulted in drops in the General Fund and General Escrow Capital Improvement funds which could also affect the financial picture of the City. The City is fighting the adjustment and is hoping to have it reversed. The City is planning changes for the beginning of 2010 which will attempt to preserve fund balances.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jill Lucidi, Finance Director of St. Clairsville, Ohio, Municipal Building, St. Clairsville, or jlucidi@stclairsville.com .

City of St. Clairsville
Statement of Net Assets
December 31, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Community Improvement Corporation
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 727,180	\$ 3,377,906	\$ 4,105,086	\$ 1,431
Cash and Cash Equivalents in Segregated Accounts	725	0	725	0
Taxes Receivable	602,243	19,046	621,289	0
Accounts Receivable	28,074	686,070	714,144	100
Intergovernmental Receivable	746,239	0	746,239	0
Loans Receivable	381,258	0	381,258	0
Internal Balances	(250,000)	250,000	0	0
Materials and Supplies Inventory	86,630	404,864	491,494	0
Deferred Charges	0	98,794	98,794	0
Restricted Assets:				
Customer Deposits	0	122,483	122,483	0
Non-Depreciable Capital Assets	3,368,041	320,596	3,688,637	46,343
Depreciable Capital Assets, Net	4,287,208	8,786,336	13,073,544	866,376
<i>Total Assets</i>	<u>9,977,598</u>	<u>14,066,095</u>	<u>24,043,693</u>	<u>914,250</u>
Liabilities				
Accounts Payable	32,355	367,349	399,704	0
Accrued Wages	34,310	36,281	70,591	0
Contracts Payable	136,528	0	136,528	0
Intergovernmental Payable	81,268	57,728	138,996	0
Undistributed Monies	725	0	725	0
Deposits Held and Due to Others	0	122,483	122,483	0
Accrued Interest Payable	4,195	22,988	27,183	56
Accrued Vacation Leave Payable	18,549	71,810	90,359	0
Deferred Revenue	556,927	0	556,927	0
Long-Term Liabilities:				
Due Within One Year	152,773	210,622	363,395	1,661
Due in More Than One Year	1,282,075	6,812,187	8,094,262	5,500
<i>Total Liabilities</i>	<u>2,299,705</u>	<u>7,701,448</u>	<u>10,001,153</u>	<u>7,217</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	6,300,660	3,659,611	9,960,271	912,719
Restricted for Debt Service	165,051	0	165,051	0
Restricted for Other Purposes	1,251,535	0	1,251,535	0
Unrestricted	(39,353)	2,705,036	2,665,683	(5,686)
<i>Total Net Assets</i>	<u>\$ 7,677,893</u>	<u>\$ 6,364,647</u>	<u>\$ 14,042,540</u>	<u>\$ 907,033</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Activities
For the Year Ended December 31, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net			Component
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total	Unit
Governmental Activities								
General Government	\$ 366,145	\$ 135,583	\$ 0	\$ 0	\$ (230,562)	\$ 0	\$ (230,562)	\$ 0
Security of Persons and Property	1,087,923	36,665	93,313	0	(957,945)	0	(957,945)	0
Public Health Services	32,527	0	0	0	(32,527)	0	(32,527)	0
Lesiure Time Activities	465,524	103,975	1,095	0	(360,454)	0	(360,454)	0
Community and Economic Development	597,313	0	1,734,597	0	1,137,284	0	1,137,284	0
Transportation	536,574	0	308,757	604,802	376,985	0	376,985	0
Interest and Fiscal Charges	49,774	0	2,716	4,436	(42,622)	0	(42,622)	0
<i>Total Governmental Activities</i>	<u>3,135,780</u>	<u>276,223</u>	<u>2,140,478</u>	<u>609,238</u>	<u>(109,841)</u>	<u>0</u>	<u>(109,841)</u>	<u>0</u>
Business-Type Activities								
Water	1,171,863	860,872	0	0	0	(310,991)	(310,991)	0
Sewer	1,072,952	788,664	0	0	0	(284,288)	(284,288)	0
Light	4,952,389	4,698,296	0	0	0	(254,093)	(254,093)	0
<i>Total Business-Type Activities</i>	<u>7,197,204</u>	<u>6,347,832</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(849,372)</u>	<u>(849,372)</u>	<u>0</u>
<i>Total - Primary Government</i>	<u>\$ 10,332,984</u>	<u>\$ 6,624,055</u>	<u>\$ 2,140,478</u>	<u>\$ 609,238</u>	<u>(109,841)</u>	<u>(849,372)</u>	<u>(959,213)</u>	<u>0</u>
Component Unit								
Community Improvement Corporation	\$ 18,735	\$ 0	\$ 18,274	\$ 239,649	0	0	0	239,188

General Revenues:

Property and Other Taxes Levied for:

General Purposes	462,948	1,220	464,168	0
Police	321,287	0	321,287	0
Kilowatt Per Hour Taxes Levied for Utilities	0	19,046	19,046	0
Grants and Entitlements Not Restricted to Specific Programs	421,287	0	421,287	0
Unrestricted contributions	30	0	30	0
Investment Earnings	94,133	0	94,133	0
Other	104,958	98,750	203,708	2
<i>Total General Revenues</i>	<u>1,404,643</u>	<u>119,016</u>	<u>1,523,659</u>	<u>2</u>
<i>Change in Net Assets</i>	1,294,802	(730,356)	564,446	239,190
<i>Net Assets Beginning of Year</i>	<u>6,383,091</u>	<u>7,095,003</u>	<u>13,478,094</u>	<u>667,843</u>
<i>Net Assets End of Year</i>	<u>\$ 7,677,893</u>	<u>\$ 6,364,647</u>	<u>\$ 14,042,540</u>	<u>\$ 907,033</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Balance Sheet
Governmental Funds
December 31, 2009

	General	Street	Police	Transportation Enhancement	Federal Highway Administration	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 21,243	\$ 8,891	\$ 2,685	\$ 0	\$ 0	\$ 694,361	\$ 727,180
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0	725	725
Taxes Receivable	235,043	0	341,478	0	0	25,722	602,243
Accounts Receivable	25,674	0	0	0	0	2,400	28,074
Intergovernmental Receivable	163,053	129,142	26,405	108,874	27,654	291,111	746,239
Loans Receivable	0	0	0	0	0	381,258	381,258
Advances To Other Funds	860	0	0	0	0	0	860
Materials and Supplies Inventory	0	75,301	0	0	0	11,329	86,630
<i>Total Assets</i>	<u>\$ 445,873</u>	<u>\$ 213,334</u>	<u>\$ 370,568</u>	<u>\$ 108,874</u>	<u>\$ 27,654</u>	<u>\$ 1,406,906</u>	<u>\$ 2,573,209</u>
Liabilities							
Accounts Payable	\$ 18,812	\$ 2,906	\$ 1,569	\$ -	\$ -	\$ 9,068	\$ 32,355
Accrued Wages	759	8,062	20,023	0	0	5,466	34,310
Contracts Payable	0	0	0	108,874	27,654	0	136,528
Intergovernmental Payable	8,963	10,372	26,861	0	0	35,072	81,268
Interfund Payable	100,000	0	0	0	0	150,000	250,000
Undistributed Monies	0	0	0	0	0	725	725
Advances From Other Funds	0	0	0	0	0	860	860
Deferred Revenue	370,464	86,563	367,797	108,874	27,654	313,374	1,274,726
<i>Total Liabilities</i>	<u>498,998</u>	<u>107,903</u>	<u>416,250</u>	<u>217,748</u>	<u>55,308</u>	<u>514,565</u>	<u>1,810,772</u>
Fund Balances							
Reserved for Encumbrances	911	3,838	2,638	0	0	21,193	28,580
Reserved for Advances	860	0	0	0	0	0	860
Reserved for Loans Receivable	0	0	0	0	0	381,258	381,258
Reserved for Unclaimed Monies	1,761	0	0	0	0	0	1,761
Unreserved, Undesignated, Reported in:							
General Fund	(56,657)	0	0	0	0	0	(56,657)
Special Revenue Funds	0	101,593	(48,320)	0	0	362,506	415,779
Debt Service Funds	0	0	0	0	0	164,191	164,191
Capital Projects Funds	0	0	0	(108,874)	(27,654)	(36,807)	(173,335)
<i>Total Fund Balances</i>	<u>(53,125)</u>	<u>105,431</u>	<u>(45,682)</u>	<u>(108,874)</u>	<u>(27,654)</u>	<u>892,341</u>	<u>762,437</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 445,873</u>	<u>\$ 213,334</u>	<u>\$ 370,568</u>	<u>\$ 108,874</u>	<u>\$ 27,654</u>	<u>\$ 1,406,906</u>	<u>\$ 2,573,209</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2009*

Total Governmental Fund Balances	\$	762,437
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		7,655,249
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$	672,483
Property Taxes		<u>45,316</u>
Total		717,799
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(4,195)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds		(245,000)
Capital Leases		(38,797)
OPWC Loans		(208,301)
Recreation Commercial Loan		(862,491)
Accrued Vacation Payable		(18,549)
Compensated Absences		<u>(80,259)</u>
Total		<u>(1,453,397)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$</u>	<u>7,677,893</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Street	Police	Transportation Enhancement	Federal Highway Administration	Other Governmental Funds	Total Governmental Funds
Revenues							
Property and Other Taxes	\$ 435,199	\$ 0	\$ 312,087	\$ 0	\$ 0	\$ 26,495	\$ 773,781
Special Assessments	0	0	0	0	0	104,710	104,710
Charges for Services	0	0	35,667	0	0	0	35,667
Licenses and Permits	112,587	0	0	0	0	0	112,587
Fines and Forfeitures	8,036	0	0	0	0	773	8,809
Intergovernmental	809,919	285,340	72,600	1,149,345	577,148	710,798	3,605,150
Interest	94,133	1,038	0	0	0	6,114	101,285
Rent	14,400	0	0	0	0	50	14,450
Contributions and Donations	30	0	0	0	0	2,476	2,506
Other	10,051	13,095	20,470	0	0	61,342	104,958
<i>Total Revenues</i>	<u>1,484,355</u>	<u>299,473</u>	<u>440,824</u>	<u>1,149,345</u>	<u>577,148</u>	<u>912,758</u>	<u>4,863,903</u>
Expenditures							
Current:							
General Government	345,156	0	0	0	0	622	345,778
Security of Persons and Property	1,913	0	969,350	0	0	98,319	1,069,582
Public Health Services	32,527	0	0	0	0	0	32,527
Lesiure Time Activities	0	0	0	0	0	424,009	424,009
Community and Economic Development	0	0	0	0	0	577,563	577,563
Transportation	0	431,091	0	0	0	0	431,091
Capital Outlay	2,803	258,615	62,702	1,258,219	604,802	475,668	2,662,809
Debt Service:							
Principal Retirement	0	0	21,132	0	0	74,547	95,679
Interest and Fiscal Charges	0	813	0	0	0	49,219	50,032
<i>Total Expenditures</i>	<u>382,399</u>	<u>690,519</u>	<u>1,053,184</u>	<u>1,258,219</u>	<u>604,802</u>	<u>1,699,947</u>	<u>5,689,070</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,101,956</u>	<u>(391,046)</u>	<u>(612,360)</u>	<u>(108,874)</u>	<u>(27,654)</u>	<u>(787,189)</u>	<u>(825,167)</u>
Other Financing Sources (Uses)							
Transfers In	0	356,300	537,200	0	0	506,200	1,399,700
Proceeds of Loans	0	0	0	0	0	148,643	148,643
Inception of Capital Leases	0	0	59,929	0	0	0	59,929
Transfers Out	(1,399,700)	0	0	0	0	0	(1,399,700)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,399,700)</u>	<u>356,300</u>	<u>597,129</u>	<u>0</u>	<u>0</u>	<u>654,843</u>	<u>208,572</u>
<i>Net Change in Fund Balances</i>	<u>(297,744)</u>	<u>(34,746)</u>	<u>(15,231)</u>	<u>(108,874)</u>	<u>(27,654)</u>	<u>(132,346)</u>	<u>(616,595)</u>
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>244,619</u>	<u>140,177</u>	<u>(30,451)</u>	<u>0</u>	<u>0</u>	<u>1,024,687</u>	<u>1,379,032</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ (53,125)</u>	<u>\$ 105,431</u>	<u>\$ (45,682)</u>	<u>\$ (108,874)</u>	<u>\$ (27,654)</u>	<u>\$ 892,341</u>	<u>\$ 762,437</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2009*

Net Change in Fund Balances - Total Governmental Funds	\$	(616,595)
<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 capital additions exceeded depreciation in the current period.		
Capital Asset Additions	\$ 2,686,074	
Current Year Depreciation	(200,080)	
Total		2,485,994
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(31,447)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	10,454	
Intergovernmental	(443,775)	
Total		(433,321)
Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Capital Lease Principal	21,132	
General Obligation Bonds Principal	35,000	
Loans Principal	39,547	
Total		95,679
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		258
Proceeds of loans in the governmental funds that increase long-term liability in the statement of net assets are not reported as revenues in the statement of activities.		
		(148,643)
Inception of Capital Lease		
		(59,929)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(5,720)	
Vacation Payable	8,526	
Total		2,806
<i>Change in Net Assets of Governmental Activities</i>	<u>\$</u>	<u>1,294,802</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 459,000	\$ 459,000	\$ 435,199	\$ (23,801)
Licenses and Permits	267,500	267,500	111,261	(156,239)
Fines and Forfeitures	10,000	11,000	8,158	(2,842)
Intergovernmental	235,478	845,478	812,801	(32,677)
Interest	250,000	250,000	94,133	(155,867)
Rent	14,500	14,500	14,400	(100)
Contributions and Donations	0	0	30	30
Other	18,000	18,000	10,051	(7,949)
<i>Total Revenues</i>	<u>1,254,478</u>	<u>1,865,478</u>	<u>1,486,033</u>	<u>(379,445)</u>
Expenditures				
Current:				
General Government	331,350	400,900	336,504	64,396
Security of Persons and Property	3,000	3,000	2,084	916
Public Health Services	32,800	32,800	32,527	273
Capital Outlay	10,000	10,000	2,803	7,197
<i>Total Expenditures</i>	<u>377,150</u>	<u>446,700</u>	<u>373,918</u>	<u>72,782</u>
<i>Excess of Revenues Over Expenditures</i>	<u>877,328</u>	<u>1,418,778</u>	<u>1,112,115</u>	<u>(306,663)</u>
Other Financing Sources (Uses)				
Advances In	0	100,000	100,000	0
Transfers Out	(1,038,850)	(1,579,300)	(1,399,700)	179,600
<i>Total Other Financing Sources (Uses)</i>	<u>(1,038,850)</u>	<u>(1,479,300)</u>	<u>(1,299,700)</u>	<u>179,600</u>
<i>Net Change in Fund Balance</i>	(161,522)	(60,522)	(187,585)	(127,063)
<i>Fund Balance Beginning of Year</i>	185,308	185,308	185,308	0
Prior Year Encumbrances Appropriated	20,098	20,098	20,098	0
<i>Fund Balance End of Year</i>	<u>\$ 43,884</u>	<u>\$ 144,884</u>	<u>\$ 17,821</u>	<u>\$ (127,063)</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	292,000	397,157	284,599	(112,558)
Interest	200	200	1,038	838
Other	10,000	10,000	14,893	4,893
<i>Total Revenues</i>	<u>302,200</u>	<u>407,357</u>	<u>300,530</u>	<u>(106,827)</u>
Expenditures				
Current:				
Transportation	583,000	534,000	476,397	57,603
Capital Outlay	200,000	409,157	272,146	137,011
Interest and Fiscal Charges	0	0	813	(813)
<i>Total Expenditures</i>	<u>783,000</u>	<u>943,157</u>	<u>749,356</u>	<u>193,801</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(480,800)</u>	<u>(535,800)</u>	<u>(448,826)</u>	<u>86,974</u>
Other Financing Source				
Transfers In	465,800	465,800	356,300	(109,500)
<i>Net Change in Fund Balance</i>	(15,000)	(70,000)	(92,526)	(22,526)
<i>Fund Balance Beginning of Year</i>	86,156	86,156	86,156	0
Prior Year Encumbrances Appropriated	11,225	11,225	11,225	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 82,381</u>	<u>\$ 27,381</u>	<u>\$ 4,855</u>	<u>\$ (22,526)</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$ 254,000	\$ 254,000	\$ 312,087	\$ 58,087
Charges for Services	28,000	28,000	35,667	7,667
Intergovernmental	50,000	50,000	72,514	22,514
Contributions and Donations	100	100	0	(100)
Other	15,000	15,000	20,970	5,970
<i>Total Revenues</i>	<u>347,100</u>	<u>347,100</u>	<u>441,238</u>	<u>94,138</u>
Expenditures				
Current:				
Security of Persons and Property	891,000	959,000	962,033	(3,033)
Capital Outlay	0	24,000	62,702	(38,702)
Principal Retirement	0	0	21,132	(21,132)
<i>Total Expenditures</i>	<u>891,000</u>	<u>983,000</u>	<u>1,045,867</u>	<u>(62,867)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(543,900)</u>	<u>(635,900)</u>	<u>(604,629)</u>	<u>31,271</u>
Other Financing Source				
Transfers In	543,900	635,900	537,200	(98,700)
Inception of Capital Lease	0	0	59,929	59,929
<i>Total Other Financing Source</i>	<u>543,900</u>	<u>635,900</u>	<u>597,129</u>	<u>(38,771)</u>
<i>Net Change in Fund Balance</i>	0	0	(7,500)	(7,500)
<i>Fund Balance Beginning of Year</i>	41	41	41	0
Prior Year Encumbrances Appropriated	7,499	7,499	7,499	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$ 7,540</u>	<u>\$ 7,540</u>	<u>\$ 40</u>	<u>\$ (7,500)</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Fund Net Assets
Proprietary Funds
December 31, 2009

	Business-Type Activities			
	Water	Sewer	Light	Total
Assets				
<i>Current Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$ 106,712	\$ 30,163	\$ 3,241,031	\$ 3,377,906
Taxes Receivable	0	0	19,046	19,046
Accounts Receivable	94,205	81,901	509,964	686,070
Interfund Receivable	0	0	250,000	250,000
Materials and Supplies Inventory	27,300	36,510	341,054	404,864
<i>Total Current Assets</i>	<u>228,217</u>	<u>148,574</u>	<u>4,361,095</u>	<u>4,737,886</u>
<i>Non-Current Assets</i>				
Restricted Assets:				
Customer Deposits	59,954	46,447	16,082	122,483
Deferred Charges	3,876	5,244	89,674	98,794
Advances to Other Funds	0	158,000	105,000	263,000
Non-Depreciable Capital Assets	0	0	320,596	320,596
Depreciable Capital Assets, Net	2,082,838	2,522,806	4,180,692	8,786,336
<i>Total Non-Current Assets</i>	<u>2,146,668</u>	<u>2,732,497</u>	<u>4,712,044</u>	<u>9,591,209</u>
<i>Total Assets</i>	<u>2,374,885</u>	<u>2,881,071</u>	<u>9,073,139</u>	<u>14,329,095</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	2,027	1,085	364,237	367,349
Accrued Wages	13,614	10,190	12,477	36,281
Intergovernmental Payable	16,679	16,946	24,103	57,728
Deposits Held and Due to Others	59,954	46,447	16,082	122,483
Accrued Interest Payable	926	1,288	20,774	22,988
Accrued Vacation Leave Payable	24,798	17,474	29,538	71,810
Advances From Other Funds	263,000	0	0	263,000
Compensated Absences Payable	2,514	1,514	2,601	6,629
General Obligation Bonds Payable	5,000	35,000	140,000	180,000
Rural Development Loan Payable	0	2,566	0	2,566
OPWC Loans Payable	2,331	19,096	0	21,427
<i>Total Current Liabilities</i>	<u>390,843</u>	<u>151,606</u>	<u>609,812</u>	<u>1,152,261</u>
<i>Long-Term Liabilities</i>				
Compensated Absences Payable- Net of Current Portion	3,363	6,896	9,624	19,883
General Obligation Bonds Payable - Net of Current Portion	252,473	326,340	5,736,344	6,315,157
Rural Development Loan Payable- Net of Current Portion	0	118,672	0	118,672
OPWC Loans Payable- Net of Current Portion	42,742	315,733	0	358,475
<i>Total Long-Term Liabilities</i>	<u>298,578</u>	<u>767,641</u>	<u>5,745,968</u>	<u>6,812,187</u>
<i>Total Liabilities</i>	<u>689,421</u>	<u>919,247</u>	<u>6,355,780</u>	<u>7,964,448</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,784,168	1,710,643	164,800	3,659,611
Unrestricted	(98,704)	251,181	2,552,559	2,705,036
<i>Total Net Assets</i>	<u>\$ 1,685,464</u>	<u>\$ 1,961,824</u>	<u>\$ 2,717,359</u>	<u>\$ 6,364,647</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities			
	Water	Sewer	Light	Total
Operating Revenues				
Charges for Services	\$ 860,872	\$ 788,664	\$ 4,698,296	\$ 6,347,832
Other	30,226	12,563	55,961	98,750
<i>Total Operating Revenues</i>	<u>891,098</u>	<u>801,227</u>	<u>4,754,257</u>	<u>6,446,582</u>
Operating Expenses				
Personal Services	590,507	498,846	584,436	1,673,789
Contractual Services	101,527	142,848	3,891,943	4,136,318
Materials and Supplies	199,779	35,033	38,675	273,487
Depreciation	268,298	368,537	181,665	818,500
<i>Total Operating Expenses</i>	<u>1,160,111</u>	<u>1,045,264</u>	<u>4,696,719</u>	<u>6,902,094</u>
<i>Operating Income/(Loss)</i>	<u>(269,013)</u>	<u>(244,037)</u>	<u>57,538</u>	<u>(455,512)</u>
Non-Operating Revenue (Expenses)				
Property Taxes	0	0	1,220	1,220
Kilowatt Taxes	0	0	19,046	19,046
Interest and Fiscal Charges	(11,752)	(27,688)	(255,670)	(295,110)
<i>Total Non-Operating Revenue (Expenses)</i>	<u>(11,752)</u>	<u>(27,688)</u>	<u>(235,404)</u>	<u>(274,844)</u>
<i>Change in Net Assets</i>	(280,765)	(271,725)	(177,866)	(730,356)
<i>Net Assets Beginning of Year</i>	<u>1,966,229</u>	<u>2,233,549</u>	<u>2,895,225</u>	<u>7,095,003</u>
<i>Net Assets End of Year</i>	<u>\$ 1,685,464</u>	<u>\$ 1,961,824</u>	<u>\$ 2,717,359</u>	<u>\$ 6,364,647</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities			
	Water	Sewer	Light	Total
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 864,740	\$ 788,420	\$ 4,666,183	\$ 6,319,343
Other Operating Receipts	25,411	12,563	55,961	93,935
Cash Payments for Goods and Services	(161,979)	(53,302)	(41,646)	(256,927)
Cash Payments to Employees	(578,826)	(485,516)	(567,979)	(1,632,321)
Cash Payments for Contractual Services	(141,178)	(150,542)	(4,031,771)	(4,323,491)
<i>Net Cash Provided by Operating Activities</i>	<u>8,168</u>	<u>111,623</u>	<u>80,748</u>	<u>200,539</u>
Cash Flows from Noncapital Financing Activities				
Tax Receipts	0	0	22,362	22,362
Advance Out	0	0	(250,000)	(250,000)
Transfers In	0	0	9,540	9,540
Transfers Out	0	0	(9,540)	(9,540)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>0</u>	<u>0</u>	<u>(227,638)</u>	<u>(227,638)</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(49,862)	(254,795)	(176,838)	(481,495)
Principal Payments on Debt	(6,148)	(46,825)	(130,000)	(182,973)
Interest Payments	(11,925)	(28,566)	(257,956)	(298,447)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(67,935)</u>	<u>(330,186)</u>	<u>(564,794)</u>	<u>(962,915)</u>
<i>Net (Decrease) in Cash and Cash Equivalents</i>	(59,767)	(218,563)	(711,684)	(990,014)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>226,433</u>	<u>295,173</u>	<u>3,968,797</u>	<u>4,490,403</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 166,666</u>	<u>\$ 76,610</u>	<u>\$ 3,257,113</u>	<u>\$ 3,500,389</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating Income/(Loss)	\$ (269,013)	\$ (244,037)	\$ 57,538	\$ (455,512)
Adjustments:				
Depreciation	268,298	368,537	181,665	818,500
(Increase) Decrease in Assets:				
Accounts Receivable	(15,753)	(11,715)	(36,085)	(63,553)
Materials and Supplies Inventory	38,719	(17,991)	(109,535)	(88,807)
Increase (Decrease) in Liabilities:				
Accounts Payable	(31,725)	(1,120)	(28,707)	(61,552)
Accrued Wages	1,132	2,632	1,697	5,461
Customer Deposits Payable	5,961	4,619	1,599	12,179
Compensated Absences Payable	474	1,715	2,116	4,305
Accrued Vacation Payable	3,263	1,870	1,559	6,692
Intergovernmental Payable	6,812	7,113	8,901	22,826
<i>Net Cash Provided by Operating Activities</i>	<u>\$ 8,168</u>	<u>\$ 111,623</u>	<u>\$ 80,748</u>	<u>\$ 200,539</u>

See accompanying notes to the basic financial statements.

City of St. Clairsville
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2009

	<u>Agency</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$ 1,985</u>
Liabilities	
Undistributed Monies	<u>\$ 1,985</u>

See accompanying notes to the basic financial statements.

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City of St. Clairsville, Ohio
Notes to the Basic Financial Statements
December 31, 2009

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

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

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 a majority vote of Council to an indefinite term but serves at the pleasure of Council. The Service Director is responsible to Council for the administration of all affairs of the City and the enforcement of all laws and ordinances within the scope of the designated powers and duties of the office. The Service Director has the power to appoint, promote, transfer, reduce or remove, subject to the provisions of the Charter and enactments of Council, any officer or employee of the City, except those required by the Charter to be elected and those whose appointment or term of office may otherwise be provided for in the Charter.

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City (the primary government) and its potential component units consistent with Government Accounting Standards Board Statements No. 14, “The Financial Reporting Entity” and No. 39, “Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14.”

The City provides various services including police, parks and recreation, cemetery, planning, zoning, street construction, maintenance and repair, water, sewer and electric services, and general administrative services. The operation of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)

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

St. Clairsville Community Improvement Corporation – St. Clairsville Community Improvement Corporation (“CIC”) is a legally separate organization, which was established during 2007. The members of the CIC are the current Council members of the City of St. Clairsville. The CIC is governed by a board of trustees who are elected by the members. At least two of the trustees must be elected officeholders with the City of St. Clairsville. The purpose of the CIC is to provide improvements to the City, encourage businesses to locate and stay in the downtown area, resolve parking issues and downtown revitalization. In accordance with its purpose, the CIC has established the Clarendon, LLC (“LLC”). The consolidated financial statements include the LLC. Additional information concerning the CIC is presented in Note 19.

The City is involved with the Ohio Mid-Eastern Governments Association, Jefferson-Belmont Joint Solid Waste Authority, Southeastern Ohio Narcotics Task Force, Bel-O-Mar Regional Council, and Belmont County Board of Health which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 17.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements and has not elected to apply Financial Accounting Standards Board (FASB) Statements of Interpretation issued after November 30, 1989 to its enterprise and business-type activities. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The most significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

B. Fund Accounting

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

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

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

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

Street Fund The street special revenue fund is required by the Ohio Revised Code to account for state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

Transportation Enhancement The transportation enhancement capital projects fund accounts for the receipts of grant monies and the expenditures for the bike trail tunnel rehabilitation.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Highway Administration The federal highway administration capital projects fund accounts for the receipts of grant monies and the expenditures for the bike trail bridge rehabilitation.

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

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

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

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

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

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

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

E. Pooled Cash and Cash Equivalents

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

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost.

During fiscal year 2009, the City's investments were limited to certificates of deposit, money market accounts, overnight sweep accounts and STAROhio.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2009. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price for which the investment could be sold on December 31, 2009.

Investment procedures are restricted by the provisions of the Ohio Revised Code and the City's investment policy and Charter. Interest revenue credited to the general fund during 2009 amounted to \$94,133, which includes \$91,785 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented on the balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury.

F. Materials and Supplies Inventory

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

G. 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.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Customer deposits have been restricted in the enterprise funds because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposit payable liability account.

H. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets 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 assets 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. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$2,000. 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	20-30 Years	20-30 Years
Improvements Other Than Buildings	15 - 30 Years	15 - 30 Years
Machinery and Equipment	5 - 20 Years	5-15 Years
Vehicles	5 - 10 Years	5 - 10 Years
Infrastructure	30 Years	N/A

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

I. Interfund Balances

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

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

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.

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances, advances, long-term loans receivable and unclaimed monies.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. None of the City's net assets were restricted by enabling legislation at December 31, 2009.

Net assets restricted for other purposes include recreation, street construction and repair, and the operation of the police department.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

N. Operating Revenues and Expenses

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

O. Interfund Activity

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

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

P. Extraordinary and Special Items

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

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

R. Budgetary Data

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

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

S. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, of grants or outside contributions of resources restricted to capital acquisition and construction.

T. Implementation of New Accounting Policies

For the year ended December 31, 2009, the City has implemented GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments," GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards."

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the City.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance

	General	Police	Street
GAAP Basis	\$ (297,744)	\$ (15,231)	\$ (34,746)
Revenue Accruals	1,678	414	1,057
Advances In	100,000	0	0
Expenditure Accruals	11,903	9,962	(54,801)
Encumbrances	(3,422)	(2,645)	(4,036)
Budget Basis	\$ (187,585)	\$ (7,500)	\$ (92,526)

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 4 – ACCOUNTABILITY

The following funds had a deficit fund balance as of December 31, 2009:

	Deficit Fund Balance
Major Funds:	
General Fund	\$ 53,125
Police	45,682
Transportation Enhancement	108,874
Federal Highway Admin	27,654
Non-Major Funds:	
General Escrow	133,877
Litter	1,561
Police Pension	23,937
Recreation Fund	6,195
Street Assessment	860
Bike Trail Fund	1,930

The deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances, however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Bonds and other obligations of the State of Ohio;
4. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
5. The State Treasurer's investment pool (STAROhio).

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

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

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name. During 2009, the City and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

At fiscal year-end, the carrying amount of the City’s deposits was \$4,225,984. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures,” as of December 31, 2009, \$2,155,991 of the City’s bank balance of \$4,440,778 was exposed to custodial risk as discussed above, while \$2,284,787 was covered by Federal Deposit Insurance Corporation.

Investments

As of December 31, 2009, the City had the following investment and maturity:

Investment Type	Fair Value	Investment Maturity 6 Months or Less
STAROhio	\$ 4,295	\$ 4,295

Interest Rate Risk As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City’s investment policy limits investment portfolio maturities to five years or less for investments with a fixed interest rate, and two years or less for investments with a variable interest rate.

Credit Risk STAROhio is rated AAA by Standard and Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the City at December 31, 2009:

Investment Type	Fair Value	Percent of Total
STAROhio	\$ 4,295	100%

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by the State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 6 - PROPERTY TAXES (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The full tax rate for all City operations for the year ended December 31, 2009, was \$12.35 per \$1,000 of assessed value for real property and \$12.35 per \$1,000 of assessed value for intangible property. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$ 102,429,310
Tangible Personal Property	<u>0</u>
Total	<u><u>\$ 102,429,310</u></u>

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 earlier or later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property tax 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 and tangible personal property, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009, and for which there is an enforceable legal claim.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 6 - PROPERTY TAXES (Continued)

In the general fund, and the police levy and police pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 7 - RECEIVABLES

Receivables at December 31, 2009 consisted of taxes, accounts (billings for user charged services including unbilled utility services), loans, interfund and intergovernmental receivables arising from grants and shared revenues. All receivables are deemed collectible in full.

NOTE 8 - CAPITAL ASSETS

A summary of changes in capital assets during 2009 follows:

	Balance 12/31/2008	Additions	Deletions	Balance 12/31/2009
Governmental Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,271,438	\$ 0	\$ 0	\$ 1,271,438
Construction in Progress	54,145	2,042,458	0	2,096,603
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,325,583</u>	<u>2,042,458</u>	<u>0</u>	<u>3,368,041</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings	2,125,616	55,000	0	2,180,616
Improvements Other Than Buildings	134,041	12,710	0	146,751
Machinery and Equipment	583,067	38,714	(104,989)	516,792
Vehicles	338,625	65,851	(109,950)	294,526
Infrastructure	3,378,844	471,341	0	3,850,185
<i>Total Capital Assets, Being Depreciated</i>	<u>6,560,193</u>	<u>643,616</u>	<u>(214,939)</u>	<u>6,988,870</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(1,785,264)	(44,145)	0	(1,829,409)
Improvements Other Than Buildings	(58,482)	(6,077)	0	(64,559)
Machinery and Equipment	(303,118)	(29,703)	76,991	(255,830)
Vehicles	(220,498)	(19,723)	106,501	(133,720)
Infrastructure	(317,712)	(100,432)	0	(418,144)
<i>Total Accumulated Depreciation</i>	<u>(2,685,074)</u>	<u>(200,080) *</u>	<u>183,492</u>	<u>(2,701,662)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>3,875,119</u>	<u>443,536</u>	<u>(31,447)</u>	<u>4,287,208</u>
<i>Total Governmental Activities Capital Assets, Net</i>	<u>\$ 5,200,702</u>	<u>\$ 2,485,994</u>	<u>\$ (31,447)</u>	<u>\$ 7,655,249</u>

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 8 - CAPITAL ASSETS (Continued)

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 20,681
Leisure Time Services	50,157
Security of Persons and Property	12,098
Transportation	97,394
Community and Economic Development	19,750
Total	\$ 200,080

	Balance 12/31/2008	Additions	Deletions	Balance 12/31/2009
Business-Type Activities				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 320,596	\$ 0	\$ 0	\$ 320,596
Construction in Progress	18,278	217,235	(235,513)	0
<i>Total Capital Assets Not Being Depreciated</i>	338,874	217,235	(235,513)	320,596
<i>Capital Assets, Being Depreciated:</i>				
Buildings	2,439,512	0	0	2,439,512
Machinery and Equipment	858,584	28,344	(27,782)	859,146
Vehicles	334,633	17,766	(75,591)	276,808
Infrastructure	21,347,475	324,921	0	21,672,396
<i>Total Capital Assets, Being Depreciated</i>	24,980,204	371,031	(103,373)	25,247,862
<i>Less Accumulated Depreciation:</i>				
Buildings	(745,848)	(62,864)	0	(808,712)
Machinery and Equipment	(423,261)	(54,378)	27,782	(449,857)
Vehicles	(227,639)	(11,114)	68,673	(170,080)
Infrastructure	(14,342,733)	(690,144)	0	(15,032,877)
<i>Total Accumulated Depreciation</i>	(15,739,481)	(818,500)	96,455	(16,461,526)
<i>Total Capital Assets Being Depreciated, Net</i>	9,240,723	(447,469)	(6,918)	8,786,336
<i>Total Business-Type Activities Capital Assets, Net</i>	\$ 9,579,597	\$ (230,234)	\$ (242,431)	\$ 9,106,932

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City of St. Clairsville has a Public Employee Dishonesty policy with a \$100,000 limit with Westfield Insurance through Pilney, Costine & Foster Insurance Agency. The City's Public Official's Liability policy has a \$1,000,000 liability limit with a \$2,500 deductible with Scottsdale, through Pilney, Costine & Foster Insurance Agency. The City's Comprehensive Package is with Westfield Insurance, also through Pilney, Costine & Foster Insurance Agency. The liability limits are: general aggregate limit of \$2,000,000; products aggregate limit of \$2,000,000; personal and advertising injury limit of \$1,000,000; each occurrence limit of \$1,000,000; fire damage limit (any one fire) of \$150,000, no medical expense coverage. The City's Law Enforcement Liability is with Scottsdale Insurance Co., through Pilney, Costine & Foster Insurance Agency. The liability limit is \$5,000,000 with a \$2,500 deductible. The City's vehicle insurance is with Westfield Insurance Company (Pilney, Costine & Foster Insurance Agency). The liability limits are: bodily injury & property damage combined single limit \$1,000,000, no medical payments coverage; uninsured motorist's bodily injury of \$1,000,000 combined single limit. The vehicle insurance deductible for comprehensive coverage is \$250. The collision deductible is either \$500 or \$1,000, depending on vehicle. The Commercial Umbrella policy with Westfield Insurance (Pilney Costine & Foster Insurance Agency) has a \$3,000,000 limit.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in State and local classifications contributed 10 percent of covered payroll and public safety members and law enforcement members contributed 10.1 percent.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

The City's contribution rate for 2009 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan, and 5.5 percent from April 1, through December 31, 2009. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$124,128, \$118,752 and \$132,224, respectively; 92.2 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the member-directed plan for 2009 were \$5,759 made by the City and \$4,113 made by plan members.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers. The City has no firefighters. Contributions are authorized by State statute. For 2009, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's contributions to OP&F for police for the years ended December 31, 2009, 2008 and 2007 were \$62,025, \$61,139 and \$57,317, respectively. The full amount has been contributed for 2008 and 2007. 78.5 percent has been contributed for police 2009.

C. Medicare System

All employees hired after April 1, 1986 are required to contribute to Medicare at a rate of 1.45 percent of their covered salary. The City of St. Clairsville is required to contribute 1.45 percent also. It is paid bi-weekly with the employee's federal withholding by bank transfer within three working days of the pay date. There is a liability reported under intergovernmental payables in each fund for Medicare on the accrued wages only. All other contributions were paid for the year.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 11 – POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll (17.63 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7.00 percent of covered payroll for the period January 1 through March 31, and 5.5 percent from April 1, through December 31, 2009.

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

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$124,128, \$118,752 and \$87,094, respectively; 92.2 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

B. Police and Firemen's Disability and Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit or is a spouse or eligible dependent child of such person.

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 healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$32,837, \$32,367 and \$30,345 for the years ended December 31, 2009, 2008 and 2007. The full amount has been contributed for 2008 and 2007. 78.5 percent has been contributed for 2009.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Additional Insurance

The City provides life insurance and accidental death and dismemberment insurance to employees, excluding part-time elected officials, appointed part-time officials, and part-time employees. The policy is in the amount of \$25,000 life insurance and \$25,000 accidental death and dismemberment.

The City contracts with Health Plan of the Upper Ohio Valley for hospitalization insurance and Delta Dental for dental insurance for all employees, excluding part-time elected officials, part-time appointed officials, and part-time employees. The City offers Ohio AFSCME Eye Care and Hearing Care for AFSCME and FOP members. The City contracts with Vision Service Plan for eye care for full-time employees that are not in a union and elected officials who choose to pay for it themselves. The City and employees share the cost of the total monthly premiums of \$1,325.16 family health care, \$530.06 single health care; \$111.99 family dental care, \$32.13 single dental care, employee and one dependent dental care \$59.81; and \$7.25 family or single eye and hearing care for union employees and \$20.00 for non-union employees. Health insurance co-payments for doctors' visits are reimbursed by the City. Premiums and co-payments are paid from the same funds that pay the employee's salaries.

B. 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 can not be carried over, however, unforeseen circumstances may come into play and the superintendent may elect to permit an employee to carryover minimal vacation time. Sick leave is accumulated at a rate of 4.6 hours per each 80 hours worked. For employees that work less than a 40 hour work week, the sick leave accumulation is prorated based on 4.6 hours per 80 hours worked. All accumulated, unused vacation time and personal days are paid upon separation if the employee has acquired at least one year of service with the City. Upon separation, AFSCME members and non-union employees other than police, are paid for a maximum of 400 hours of accumulated sick time provided they have ten years of service with OPERS. Police are paid a maximum of 400 hours of accumulated sick time provided they have ten years of service with the City. Upon separation, police are paid all accumulated unused comp time up to a maximum of 60 hours. As of December 31, 2009, the liability for unpaid compensated absences was \$106,771.

NOTE 13 - CONTRACTUAL COMMITMENTS

As of December 31, 2009, the City had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance 12/31/2009
APBN Inc. - Bike Trail	570,730	543,076	27,654
Suburban Maintenance	1,496,081	1,278,334	217,747
	<u>\$ 2,066,811</u>	<u>\$ 1,821,410</u>	<u>\$ 245,401</u>

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 14 - LONG-TERM OBLIGATIONS

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Governmental Activities:			
Recreation Commercial Loan	4.36%	\$ 1,000,000	10/27/2025
General Obligation Bonds:			
Road Equipment	4.0-5.5%	35,000	12/01/2017
Recreational Facilities	4.00%	70,000	12/01/2013
Recreational Bike Trails	4.00%	135,000	12/01/2012
Recreational Facilities	4.0-5.0%	75,000	12/01/2032
Ohio Public Works Commission (OPWC) Loans:			
Bett-Mar & Franklin St. Reconstruction	0.00%	116,589	01/01/2029
St. Clairsville Road Project	0.00%	105,157	01/01/2030
Business-Type Activities:			
Ohio Public Works Commission (OPWC) Loans:			
Belmont Drive Pump Station Replacement	0.02%	74,000	01/01/2025
East Main Force Liner	0.02%	214,890	07/01/2023
Wastewater System Repairs	0.02%	133,216	07/01/2024
Water Transmission Connection	0.02%	52,875	01/01/2026
Joint Sewer Rural Development Loan	6.125%	146,600	01/01/2032
General Obligation Bonds:			
Water System Improvements	4.0-5.5%	255,000	12/01/2032
Wastewater System Improvements	4.0-5.0%	65,000	12/01/2032
Wastewater B System Improvements	4.0-5.5%	65,000	12/01/2029
Sanitary Sewer System Improvements	4.0-5.5%	185,000	12/01/2017
Sewer System Equipment	4.0-5.5%	95,000	12/01/2017
Light Garage Construction	4.0-5.5%	1,045,000	12/01/2025
Electric System Substation	4.0-5.5%	1,500,000	12/01/2027
Electric System	4.0-5.5%	3,470,000	12/01/2032

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Changes in long-term obligations of the City during the year ended December 31, 2009 consisted of the following:

	Principal Balance 12/31/2008	Additions	Reductions	Principal Balance 12/31/2009	Due in One Year
Governmental Activities:					
OPWC Loans:					
Bett-Mar Franklin	\$ 62,573	\$ 54,016	\$ (2,915)	\$ 113,674	\$ 5,830
St. Clairsville Road Project	0	94,627	0	94,627	2,629
<i>Total OPWC Loans</i>	<u>62,573</u>	<u>148,643</u>	<u>(2,915)</u>	<u>208,301</u>	<u>8,459</u>
General Obligation Bonds:					
Road Equipment	35,000	0	0	35,000	0
Recreational Facilities	60,000	0	(10,000)	50,000	10,000
Recreational Bike Trails	110,000	0	(25,000)	85,000	25,000
Recreational Facilities	75,000	0	0	75,000	0
<i>Total General Obligation Bonds</i>	<u>280,000</u>	<u>0</u>	<u>(35,000)</u>	<u>245,000</u>	<u>35,000</u>
Recreation Commercial Loan	899,123	0	(36,632)	862,491	38,247
Compensated Absences	74,539	9,220	(3,500)	80,259	52,224
Capital Leases	0	59,929	(21,132)	38,797	18,843
<i>Total Governmental Activities</i>	<u>\$ 1,316,235</u>	<u>\$ 217,792</u>	<u>\$ (99,179)</u>	<u>\$ 1,434,848</u>	<u>\$ 152,773</u>
Business-Type Activities:					
OPWC Loans:					
Water Transmission Connection	\$ 46,221	\$ 0	\$ (1,148)	\$ 45,073	\$ 2,331
Belmont Drive Pump Station Replacement	67,646	0	(1,570)	66,076	3,188
East Main Force Main Liner	168,902	0	(4,856)	164,046	9,857
Wastewater System Repairs	107,687	0	(2,980)	104,707	6,051
<i>Total OPWC Loans</i>	<u>390,456</u>	<u>0</u>	<u>(10,554)</u>	<u>379,902</u>	<u>21,427</u>
General Obligation Bonds:					
Various Water System Improvements	255,000	0	(5,000)	250,000	5,000
Unamortized Premium	7,798	0	(325)	7,473	0
Various Wastewater System Improvements	385,000	0	(35,000)	350,000	35,000
Unamortized Premium	12,758	0	(1,418)	11,340	0
Various Light System Improvements	5,875,000	0	(130,000)	5,745,000	140,000
Unamortized Premium	137,648	0	(6,304)	131,344	0
<i>Total General Obligation Bonds</i>	<u>6,673,204</u>	<u>0</u>	<u>(178,047)</u>	<u>6,495,157</u>	<u>180,000</u>
Joint Sewer Rural Development	123,657	0	(2,419)	121,238	2,566
Compensated Absences	22,207	7,105	(2,800)	26,512	6,629
<i>Total Business-Type Activities</i>	<u>\$ 7,209,524</u>	<u>\$ 7,105</u>	<u>\$ (193,820)</u>	<u>\$ 7,022,809</u>	<u>\$ 210,622</u>

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

During 2009 the City entered into a loan agreement with Ohio Public Work Commission (OPWC) for the St. Clairsville Road project. The total award amount of the loan is \$105,157, with a zero percent interest rate and matures January 1, 2030. As of December 31, 2009, the City had only drawn down \$94,627. The amortization schedule is based on the full amount of the loan.

The OPWC loans will be paid from revenues derived from charges for services in the enterprise funds. The City and Belmont County are jointly obligated for the Rural Development Loan for Water Works System #3, Phase I Project. At December 31, 2009, the total debt was \$1,654,000 with the City's share being 7.33 percent or \$121,238. The commercial loan will be paid with recreation fees and general revenues. Compensated absences will be paid from the fund from which the employees' salaries are paid.

During 2007, the City issued \$6,995,000 of various purpose general obligation bonds, which included serial and term bonds in the amount of \$5,025,000 and \$1,970,000, respectively. The bonds were issued for a twenty-five year period with final maturity at December 1, 2032.

The bonds were issued with a premium of \$166,251, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for year 2009 was \$8,047. The issuance costs of \$109,332 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for year 2009 was \$5,269.

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City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2009 are as follows:

Year	General Obligation Bonds		OPWC Loans		Rural Development Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 215,000	\$ 289,993	\$ 29,885	\$ 7,491	\$ 2,566	\$ 7,426
2011	230,000	281,392	32,944	7,061	2,712	7,269
2012	240,000	272,193	33,384	6,621	2,859	7,103
2013	220,000	262,592	33,832	6,173	3,005	6,927
2014	240,000	253,793	34,289	5,716	3,225	6,743
2015-2019	1,360,000	1,080,613	178,631	21,395	19,278	30,507
2020-2024	1,725,000	758,179	184,976	8,506	26,022	23,817
2025-2029	1,545,000	398,485	68,163	424	34,964	14,829
2030-2032	815,000	84,500	2,629	0	26,607	3,322
	<u>\$ 6,590,000</u>	<u>\$ 3,681,740</u>	<u>\$ 598,733</u>	<u>\$ 63,387</u>	<u>\$ 121,238</u>	<u>\$ 107,943</u>

Year	Commercial Loan		Total	
	Principal	Interest	Principal	Interest
2010	\$ 38,247	\$ 37,192	\$ 285,698	\$ 342,102
2011	39,932	35,506	305,588	331,228
2012	41,693	33,746	317,936	319,663
2013	43,530	31,909	300,367	307,601
2014	45,449	29,990	322,963	296,242
2015-2019	259,117	118,078	1,817,026	1,250,593
2020-2024	321,481	55,715	2,257,479	846,217
2025-2029	73,042	2,397	1,721,169	416,135
2030-2032	0	0	844,236	87,822
	<u>\$ 862,491</u>	<u>\$ 344,533</u>	<u>\$ 8,172,462</u>	<u>\$ 4,197,603</u>

NOTE 15 – CAPITALIZED LEASES

In 2009, the City entered into a lease for the acquisition of two police cruisers. This lease meets the criteria of a capital lease as they transfer benefits and risks of ownership to the lessee.

The capital asset acquired by the lease has been capitalized in the governmental in the amounts of \$59,929, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded and is reduced for each required principal payment.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 15 – CAPITALIZED LEASES (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009:

		Governmental		Activities
Year Ending December 31,	2010	\$		21,132
	2011			21,131
Minimum lease payments				42,263
Less: amount representing interest				(3,466)
Present value of minimum lease payments		\$		38,797

NOTE 16 – INTERFUND ACTIVITY

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, consisted of the following:

Governmental Activities	Transfer In	Transfer Out
General	\$ 0	\$ 1,399,700
Street	356,300	0
Recreation	285,000	0
Police	537,200	0
Landscape and Grounds	108,300	0
Litter	9,000	0
Police Pension	65,500	0
Bike Trail	25,000	0
Bike Trail Maintenance	13,400	0
<i>Totals</i>	<u>\$ 1,399,700</u>	<u>\$ 1,399,700</u>

The general fund transfers were made to provide additional resources for current operations and capital improvements.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 16 – INTERFUND ACTIVITY (Continued)

B. Interfund Balances

As of December 31, 2009, receivables and payables that resulted from interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
Governmental Funds				
General	\$ 0	\$ 100,000	\$ 860	\$ 0
General Escrow	0	150,000	0	0
Street Assessment	<u>0</u>	<u>0</u>	<u>0</u>	<u>860</u>
<i>Total Governmental Funds</i>	<u><u>\$ 0</u></u>	<u><u>\$ 250,000</u></u>	<u><u>\$ 860</u></u>	<u><u>\$ 860</u></u>
Enterprise Funds				
Water	\$ 0	\$ 0	\$ 0	\$ 263,000
Sewer	0	0	158,000	0
Light	<u>250,000</u>	<u>0</u>	<u>105,000</u>	<u>0</u>
<i>Total Enterprise Funds</i>	<u><u>\$ 250,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 263,000</u></u>	<u><u>\$ 263,000</u></u>

In 2009, the Light fund advanced money to the General fund and General Escrow fund to eliminate a negative cash balance at year end. In prior years, the General fund advanced money to the Street Assessment fund to provide additional resources for current operations. In prior years, the Sewer and Light funds advanced money to the Water fund to provide additional resources for current operations. Interfund payables are expected to be repaid next year.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Mid-Eastern Governments Association (OMEGA)

The City is associated with Ohio Mid-Eastern Governments Association (OMEGA), which 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 for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The Mayor of the City of St. Clairsville serves as the City's representative on the board, however the City is not active. Each member currently pays a per capita membership fee based upon the most recent United States census. During 2009, no fees were paid to OMEGA. The continued existence of OMEGA is not dependent on the City's continued participation and no equity interest exists. OMEGA has no outstanding debt.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Jefferson-Belmont Joint Solid Waste Authority

The City is also associated with Jefferson-Belmont Joint Solid Waste Authority (“Authority”) as a jointly governed organization. The Authority is established by State statutes and is operated to provide solid waste services to Jefferson and Belmont counties. The Authority is governed by a fourteen member board of directors of which the Mayor of the City of St. Clairsville is a member. The Authority is not dependent on the City of St. Clairsville for its continued existence, no debt exists, and the City does not maintain an equity interest. The City does not make any monetary contributions to the Authority.

C. Bel-O-Mar Regional Council

Bel-O-Mar Regional Council is operated as a non-profit organization formed to provide planning and administrative services to all local governments in a four county region comprised of Belmont County, Ohio and three counties in West Virginia. The governing board is comprised of 58 officials from the four county service area of which three members and one alternate member are appointed by Belmont County and one member is appointed by each local government within Belmont County. The Mayor of the City of St. Clairsville serves as the City’s representative on the board. The Council is not dependent upon the City of St. Clairsville for its continued existence, no debt exists, and the City does not maintain an equity interest. During 2009, the City made a contribution of \$1,668.81 to Bel-O-Mar Regional Council.

D. Southeastern Ohio Narcotics Task Force (SENT)

SENT is a multi-jurisdictional drug task force with the primary goal of combating major narcotic traffickers in Belmont, Carroll, Guernsey, Harrison, Monroe, and Tuscarawas counties. The Task Force is jointly governed among the participating counties and cities. A grant is received from the State of Ohio of which the participating entities must match 25 percent. Of the 14 members of the board, the Police Chief of the City of St. Clairsville acts as the City’s representative on the board. Each member’s control over the operation of SENT is limited to its representation on the board, and the City does not maintain an equity interest. During 2009, the City made no contribution to the Task Force.

E. Belmont County Board of Health

Belmont County Board of Health is operated as a non-profit organization formed to provide health care services to all areas within Belmont County. The governing board is comprised of officials from Belmont County. The City of St. Clairsville has a contract with the Board of Health. The Board is not dependent upon the City of St. Clairsville for its continued existence, no debt exists, and the City does not maintain an equity interest. During 2009, Belmont County Board of Health received \$32,526.72 from the City of St. Clairsville for annual fees, which are deducted from the property tax collections and distributed to the Board by the County Auditor.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
December 31, 2009

NOTE 18 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2009.

B. Litigation

The City of St. Clairsville, Ohio is a defendant in a few lawsuits, the outcome of which cannot be determined. It is the opinion of the City's management that any judgment against the City would not have a material adverse effect on the City's financial position.

NOTE 19 – COMPONENT UNIT

As described in Note 1, the City has a discretely presented component unit. The significant accounting disclosures for the component unit follow.

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

Significant Accounting Policies and Disclosures for the CIC

The financial statements are prepared on an accrual basis of accounting in accordance with generally accepted accounting principles as prescribed by the Financial Accounting Standards Boards Statements and Interpretations (FASB) and reports on a December 31 fiscal year end.

Cash The CIC had cash on deposit of \$1,431 at December 31, 2009. The balance is insured by FDIC.

City of St. Clairsville, Ohio
Notes to the Basic Financial Statements (Continued)
 December 31, 2009

NOTE 19 – COMPONENT UNIT (Continued)

Capital Assets All capital assets of the CIC were donated by the City in 2008 and 2009 and are reported at the fair market value at the time of donation. The building has not been placed in service and therefore is not being depreciated. A summary of changes in capital assets during 2009 follows:

	Balance 12/31/2008	Additions	Deletions	Balance 12/31/2009
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 46,343	\$ 0	\$ 0	\$ 46,343
<i>Depreciable Capital Assets</i>				
Buildings	626,727	239,649	0	866,376
<i>Total Capital Assets</i>	\$ 673,070	\$ 239,649	\$ 0	\$ 912,719

Loans Payable During 2008 the CIC entered into a loan agreement with the City to provide resources for current operations. The principal amount of the loan is \$9,000. The loan was issued with a two percent interest rate and will be repaid over a period of five years.

Changes in the loan obligation of the CIC during the year ended December 31, 2009 is as follows:

Principal balance 12/31/08	\$ 9,000
Reductions	(1,839)
Principal balance 12/31/09	\$ 7,161

Principal and interest requirements to retire the outstanding debt are:

	Principal	Interest	Total
2010	\$ 1,661	\$ 358	\$ 2,019
2011	1,744	275	2,019
2012	1,831	188	2,019
2013	1,925	96	2,021
	\$ 7,161	\$ 917	\$ 8,078

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CITY OF ST CLAIRSVILLE
BELMONT COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009

FEDERAL GRANTOR/ <i>Pass Through Grantor/ Program Title</i>	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants-Brownfields Economic Development Initiative	B-06-SP-OH-0778	14.246	\$ 99,000
Community Development Block Grants-State's Program	A-C-08-178-1	14.228	107,674
Home Investment Partnerships Program	A-C-08-178-2	14.239	<u>96,845</u>
Total U.S. Department of Housing and Urban Development			303,519
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Ohio Department of Safety:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2008-JG-LLE-5264	16.738	<u>7,000</u>
Total U.S. Department of Justice			7,000
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	PID 80905	20.205	577,148
	PID 80906		1,149,345
	PID 80908		<u>268,061</u>
Total Highway Planning and Construction			<u>1,994,554</u>
Total U.S. Department of Transportation			1,994,554
<u>APPALACHIAN REGIONAL COMMISSION</u>			
<i>Passed Through Ohio Department of Development:</i>			
Appalachian Area Development	A-08-178-1	23.002	<u>100,000</u>
Total Appalachian Regional Commission			<u>100,000</u>
Total Federal Awards Expenditures			<u><u>\$ 2,405,073</u></u>

The Notes to the Federal Awards Expenditures Schedule is an integral part of this Schedule.

**CITY OF ST. CLAIRSVILLE
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
DECEMBER 31, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of St. Clairsville's (the City's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of St. Clairsville, Belmont County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 17, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated September 17, 2010.

We intend this report solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 17, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the City Council:

Compliance

We have audited the compliance of the City of St. Clairsville, Belmont County, Ohio (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2009. The Summary of Auditor's results section of the accompanying Schedule of Findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of St. Clairsville complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance.

Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 17, 2010

**CITY OF ST. CLAIRSVILLE
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction, C.F.D.A. #20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

CITY OF ST. CLAIRSVILLE
BELMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDING
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Rev. Code Section 5705.14(A), unexpended balance from the substation bond proceeds were transferred to funds other than a sinking fund or bond retirement fund.	Yes	N/A.



Mary Taylor, CPA
Auditor of State

CITY OF ST. CLAIRSVILLE

BELMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 30, 2010**