



Dave Yost • Auditor of State



**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

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LOGAN COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Bellefontaine  
Logan County  
135 North Detroit Street  
Bellefontaine, Ohio 43311

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio, as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Department, and Historical Society funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

**Required Supplementary Information**

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

*Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the 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 financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 10, 2014

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

This discussion and analysis of the City of Bellefontaine's (City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial 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**

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$67.9 million (net position). Of this amount, \$10.0 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by approximately \$2.8 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$6.8 million, an increase of \$30,457 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2.6 million, or 37 percent of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major 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 dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

***Reporting the City of Bellefontaine as a Whole***

*Statement of Net Position and Statement of Activities*

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by 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 position and changes in this position. This change in net position is important because it tells the reader whether the financial position of the City, as a whole, has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as the condition of the City's capital assets will also need to be evaluated.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

In these two statements, the City is divided into the following two types of activities:

- Governmental Activities – Most of the City's services are reported here including police, fire, administration and all departments, except utilities.
- Business-Type Activities – The business-type activities of the City primarily consist of water distribution, sewage collection and treatment, refuse collection, and airport administration.

***Reporting the City of Bellefontaine's Most Significant Funds***

*Fund Financial Statements*

Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City, our major funds are the General, Capital Improvement, Reconstruction Improvement, Street Department, Historical Society, Water, Sewer, Airport, and Garbage 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. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

The City's governmental activities are accounted for in 45 individual funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Capital Improvement, Reconstruction Improvement, Street Department Fund and the Historical Society Fund, which are considered to be the City's major governmental funds. Data from the other 39 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund, Street Department Fund and Historical Society Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

*Proprietary Funds*

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

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

*Notes to the basic financial statements*

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

**THE CITY OF BELLEFONTAINE AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2013 compared to 2012.

**TABLE 1  
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and other assets	\$ 8,638,632	\$ 10,039,961	\$ 6,217,537	\$ 6,299,199	\$ 14,856,169	\$ 16,339,160
Capital assets	25,112,351	25,587,199	35,561,320	36,243,809	60,673,671	61,831,008
Total Assets	33,750,983	35,627,160	41,778,857	42,543,008	75,529,840	78,170,168
Current liabilities	550,555	1,234,590	493,411	494,959	1,043,966	1,729,549
Long-term liabilities	2,167,838	2,202,446	6,556,732	5,777,602	8,724,570	7,980,048
Total Liabilities	2,718,393	3,437,036	7,050,143	6,272,561	9,768,536	9,709,597
Deferred Inflows of Resources	595,866	515,481	-	-	595,866	515,481
Net Position:						
Net Investment in capital assets	24,239,925	24,561,276	30,694,694	31,674,522	54,934,619	56,235,798
Restricted	2,000,038	1,678,333	-	-	2,000,038	1,678,333
Unrestricted	4,196,761	5,435,034	4,034,020	4,595,925	8,230,781	10,030,959
Total Net Position	\$ 30,436,724	\$ 31,674,643	\$ 34,728,714	\$ 36,270,447	\$ 65,165,438	\$ 67,945,090

By far the largest portion of the City's net position (83 percent) reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive net position balances in each of its governmental and business-type activities net position classifications. Unrestricted net position of approximately \$5.4 million and \$4.6 million in the governmental and business-type activities, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

In the Government Activities, current assets increased by \$1.4 million, or 16%, in comparison with the prior year. This increase is primarily the result of increases in income taxes receivable and intergovernmental receivable. Income taxes receivable increased as a result of improved economic conditions and intergovernmental receivable increase due to the grants funds awarded for the Historical Society Museum. In the Business-type Activities, long-term liabilities decreased by \$779,130, or 12%, primarily due to principal payments during the year of \$807,669.

Table 2 shows the changes in net position for the year ended December 31, 2013 and 2012.

**TABLE 2  
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Program revenues:						
Charges for services	\$ 1,059,885	\$ 1,231,279	\$ 6,037,637	\$ 6,290,900	\$ 7,097,522	\$ 7,522,179
Grants and contributions	2,805,035	4,316,837	3,500	6,932	2,808,535	4,323,769
General revenues:						
Property taxes	579,267	571,090	-	-	579,267	571,090
Income taxes	5,293,008	6,378,431	-	-	5,293,008	6,378,431
Other local taxes	53,736	58,280	-	-	53,736	58,280
Unrestricted grants	354,297	468,730	-	-	354,297	468,730
Investment earnings	29,526	31,198	3,037	1,405	32,563	32,603
Other	376,353	386,953	122,454	84,669	498,807	471,622
<b>Total revenues</b>	<b>10,551,107</b>	<b>13,442,798</b>	<b>6,166,628</b>	<b>6,383,906</b>	<b>16,717,735</b>	<b>19,826,704</b>
Expenses:						
General government	2,048,409	2,164,253	-	-	2,048,409	2,164,253
Public safety	3,939,838	4,179,308	-	-	3,939,838	4,179,308
Public works	573,031	324,705	-	-	573,031	324,705
Health	158,890	165,437	-	-	158,890	165,437
Conservation and recreation	574,576	681,260	-	-	574,576	681,260
Economic development	356,260	3,073,895	-	-	356,260	3,073,895
Transportation	1,161,863	1,352,464	-	-	1,161,863	1,352,464
Interest on long-term debt	51,043	24,557	-	-	51,043	24,557
Water	-	-	1,500,764	1,593,427	1,500,764	1,593,427
Sewer	-	-	1,934,441	1,819,260	1,934,441	1,819,260
Airport	-	-	308,254	321,770	308,254	321,770
Garbage	-	-	806,813	793,003	806,813	793,003
Parking Meter	-	-	13,600	13,674	13,600	13,674
Ambulance	-	-	598,262	538,912	598,262	538,912
Other	-	-	961	1,127	961	1,127
<b>Total expenses</b>	<b>8,863,910</b>	<b>11,965,879</b>	<b>5,163,095</b>	<b>5,081,173</b>	<b>14,027,005</b>	<b>17,047,052</b>
Increase/Decrease in net position before transfers	1,687,197	1,476,919	1,003,533	1,302,733	2,690,730	2,779,652
Transfers	(266,000)	(239,000)	266,000	239,000	-	-
<b>Change in net position</b>	<b>\$ 1,421,197</b>	<b>\$ 1,237,919</b>	<b>\$ 1,269,533</b>	<b>\$ 1,541,733</b>	<b>\$ 2,690,730</b>	<b>\$ 2,779,652</b>
Net position, beginning	29,015,527	30,436,724	33,459,181	34,728,714	62,474,708	65,165,438
<b>Net position, ending</b>	<b>\$ 30,436,724</b>	<b>\$ 31,674,643</b>	<b>\$ 34,728,714</b>	<b>\$ 36,270,447</b>	<b>\$ 65,165,438</b>	<b>\$ 67,945,090</b>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

*Governmental Activities*

Property and income taxes and grants are the biggest contributors of revenue for the City's governmental activities, representing 88 percent of total governmental revenues. The City's income tax revenues constitute 48 percent of total governmental revenues. Public safety is the most significant expense of the City, accounting for 35 percent of total governmental expenses. The City's general government, and economic development activities are also significant, constituting 18 percent and 25 percent of total governmental expenses, respectively.

During the year, net position of the City's governmental activities increased by approximately \$1.2 million or 4 percent, in comparison with the previous year. This increase is the result of the following:

- Charges for services increased \$171,394, or 16%, primarily due to increased revenue from the City's municipal court during 2013.
- Grants and contributions increased approximately \$1.5 million, or 54%, due to grants received for the Historical Society Museum offset by a decrease in funding for transportation projects.
- Income taxes increased \$1.1 million, or 21%, due to the City receiving additional withholdings and net profits from business expansion in the City and improved economic conditions.
- Expenses increased \$3.1 million, or 35 percent primarily a result of the increase in economic development expenses relating to the Historical Society Museum during 2013.

*Business-type Activities*

The City's primary business-type activities are water distribution, sewage collection and treatment, airport administration, and refuse collection. The City charges customers for providing these services.

During the fiscal year, net position of the City's business-type activities increased by approximately \$1.5 million. This increase is primarily the result of a \$1.0 million increase in net position in the sewer fund. The net position increase in the sewer fund was consistent with the prior year and represents the amount by which customer charges exceed the cost of sewage collection and treatment operations.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

**Total versus Net Cost of Services**

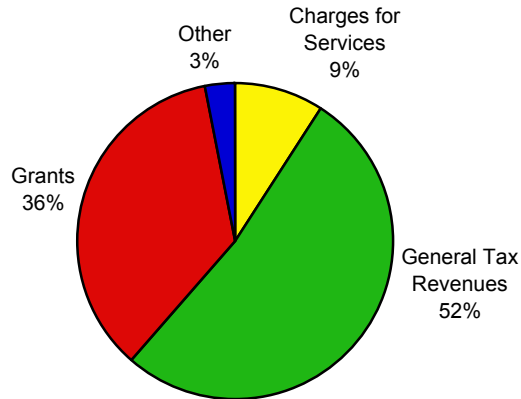
The Statement of Activities shows the cost of program services and the charges for services and grants associated with those services. Table 3 below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must be supported by general revenues including tax revenue, investment earnings and unrestricted grants.

**TABLE 3**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2012	2013	2012	2013
<b>Governmental Activities:</b>				
General government	\$ (2,048,409)	\$ (2,164,253)	\$ (1,231,470)	\$ (1,198,942)
Public safety	(3,939,838)	(4,179,308)	(3,846,835)	(3,970,930)
Public works	(573,031)	(324,705)	(389,290)	(324,705)
Health	(158,890)	(165,437)	(90,128)	(107,333)
Conservation and recreation	(574,576)	(681,260)	(406,327)	(533,664)
Economic development	(356,260)	(3,073,895)	583,741	(610,842)
Transportation	(1,161,863)	(1,352,464)	432,362	353,210
Interest on long-term debt	(51,043)	(24,557)	(51,043)	(24,557)
<b>Total Governmental Activities</b>	<b>(8,863,910)</b>	<b>(11,965,879)</b>	<b>(4,998,990)</b>	<b>(6,417,763)</b>
<b>Business-Type Activities:</b>				
Water	(1,500,764)	(1,593,427)	299,361	377,532
Sewer	(1,934,441)	(1,819,260)	845,615	977,003
Airport	(308,254)	(321,770)	(228,004)	(230,550)
Garbage	(806,813)	(793,003)	66,958	183,333
Parking Meter	(13,600)	(13,674)	(7,447)	(7,231)
Ambulance	(598,262)	(538,912)	(97,480)	(82,301)
Other	(961)	(1,127)	(961)	(1,127)
<b>Total Business-Type Activities</b>	<b>(5,163,095)</b>	<b>(5,081,173)</b>	<b>878,042</b>	<b>1,216,659</b>
<b>Grand Total</b>	<b>\$ (14,027,005)</b>	<b>\$ (17,047,052)</b>	<b>\$ (4,120,948)</b>	<b>\$ (5,201,104)</b>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**



In the governmental activities, the City's reliance upon general tax revenues is demonstrated by the graph above indicating 52 percent of total revenues from local taxes, as well as the net cost of services column on the preceding page reflecting the need for approximately \$6.4 million of support.

**THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds*

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$6.8 million, a \$30,457 increase from the previous year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2013 and 2012.

	<b>Restated Fund Balance 12/31/2012</b>	<b>Fund Balance 12/31/2013</b>	<b>Increase (Decrease)</b>
General	\$ 2,781,737	\$ 3,087,916	\$ 306,179
Capital improvements	2,508,760	2,597,251	88,491
Reconstruction Improvement	(550,554)	(335,891)	214,663
Street Department	103,303	131,248	27,945
Historical Society	547,171	(134,246)	(681,417)
Other Governmental	1,351,301	1,425,897	74,596
<b>Total</b>	<b>\$ 6,741,718</b>	<b>\$ 6,772,175</b>	<b>\$ 30,457</b>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

*General Fund*

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$2.6 million, or 37 percent of total general fund expenditures. The fund balance of the City's general fund increased \$306,179, or 11 percent, during the current fiscal year. This increase is primarily the result of income tax revenue, which totaled \$6.0 million during the fiscal year.

*Capital Improvements Fund*

The Capital Improvements Fund accounts for the accumulation of financial resources to be used for the acquisition or construction of major capital facilities. The capital improvement funds' fund balance increased \$88,491 during the fiscal year. This increase represents the amount in which interest earnings and transfers exceeded debt principal payments during the fiscal year.

*Reconstruction Improvement Fund*

The Reconstruction Improvement Fund accounts for the accumulation of financial resources to be used for the reconstruction and improvement of major capital facilities. The reconstruction improvement funds' fund balance increased \$214,663 during the fiscal year. The increase is a result of grant revenues and loan proceeds exceeding capital outlay expenditures in the fund.

*Street Department Fund*

The Street Department Fund accounts for the accumulation of financial resources to be used for the construction and maintenance of city streets. The street department funds' fund balance increased \$27,945 during the fiscal year. The increase is a result of intergovernmental revenues and other revenue exceeding transportation expenditures in the fund.

*Historical Society Fund*

The Historical Society Fund accounts for the accumulation of financial resources to be used for the construction on the Historical Society Museum. The Historical Society Funds' fund balance decreased \$681,417 during the year. This decrease is the result of the winding down of the project.

*Other Governmental Funds*

The fund balance of the City's Other Governmental Funds increased \$74,596, or 5% in comparison with the prior year. The increase is the result of increased grant revenues associated with the airport project and an increase in transfers in outgaining the increase in capital outlay expenditures during the fiscal year.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

*Proprietary Funds*

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the Water Fund at the end of the year amounted to \$821,598. Total net position increased \$421,676 during the year. This increase primarily consists of operating income of \$423,773.

Unrestricted net position in the Sewer fund at the end of the year amounted to approximately \$2.3 million. Total net position increased \$990,357, or 7 percent, from the previous year. This increase primarily consists of operating income of \$996,348.

Unrestricted net position in the Airport Fund at the end of the year amounted to \$81,973. Total net position increased \$3,777 during the fiscal year. This increase represents the amount in which transfers in from the general fund exceeded the funds' operating loss and debt service charges.

Unrestricted net position in the Garbage Fund at the end of the year amounted to \$769,522. Total net position increased \$209,803, or 33 percent, during the current year. This increase represents the operating income for the fiscal year.

Unrestricted net position in the Nonmajor Enterprise Funds at the end of the year amounted to \$590,187. Total net position decreased \$83,880, or 8 percent, during the year. By far, the most significant nonmajor enterprise fund is the ambulance fund. Total net position of the ambulance fund decreased \$82,301, or 10 percent, during the fiscal year as a result of operations.

**General Fund Budgetary Information**

The City's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The final amended revenue estimate was \$899,614 more than the original estimate. The final appropriations exceeded the original appropriation resolution by \$903,614, or 12 percent. The increases are due to increased revenues from income taxes which were allocated for additional capital outlay expenditures.

The City's final amended revenue estimate exceeded the actual revenues by \$438,737. The final amended appropriations exceeded actual expenditures and other financing uses by \$682,687, or 8%. This is primarily the result of expenditure reimbursements received from the police and fire levy fund for police and fire pensions (\$150,000) and from the water and sewer funds for engineering salaries (\$275,000).

**Capital Assets**

The City's investment in capital assets for governmental activities as of December 31, 2013 totals \$25.6 million (net of accumulated depreciation), an increase of \$474,848 in comparison with the prior year. This investment in capital assets includes land, land improvements, buildings, equipment, furniture, vehicles, and infrastructure. This increase primarily consists of current year acquisitions of approximately \$1.5 million offset by current year depreciation of approximately \$1.0 million.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(UNAUDITED)**

The City's investment in capital assets for business-type activities as of December 31, 2013 totals \$36.2 million (net of accumulated depreciation), an increase of \$682,489 in comparison with the prior year. This increase primarily consists of current year acquisitions of \$1.5 million offset by current year depreciation of \$763,565.

Detailed information regarding capital asset activity is included in the Note 6 to the basic financial statements.

**Debt**

At the end of the current fiscal year, the City had total debt outstanding of \$6.5 million. Of this amount, \$5.7 million represents bonds backed by the full faith and credit of the City and the remaining \$800,986 represents interest free loans.

Detailed information regarding long-term debt is included in Note 7 to the basic financial statements.

**Contacting the City Auditor's 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 demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact Jack Reser, City Auditor, 135 North Detroit Street, Bellefontaine, Ohio 43311-1474.



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Pooled cash and cash equivalents	\$ 6,536,651	\$ 4,125,136	\$ 10,661,787
Investments	1,085,900	-	1,085,900
Receivables:			
Taxes	1,874,291	-	1,874,291
Accounts	36,482	1,466,242	1,502,724
Intergovernmental	1,014,693	-	1,014,693
Internal balances	(600,000)	600,000	-
Materials and supplies inventory	64,907	90,006	154,913
Prepaid items	27,037	17,815	44,852
Nondepreciable capital assets	6,593,571	5,116,202	11,709,773
Depreciable capital assets, net	18,993,628	31,127,607	50,121,235
<b>Total assets</b>	<u>35,627,160</u>	<u>42,543,008</u>	<u>78,170,168</u>
<b>Liabilities</b>			
Accounts payable	739,515	148,102	887,617
Accrued wages and benefits	195,910	67,682	263,592
Intergovernmental payable	223,595	68,016	291,611
Interest payable	2,027	13,568	15,595
Retainage payable	73,543	18,593	92,136
Refundable deposits	-	178,998	178,998
Long-term liabilities			
Due within one year	614,981	943,568	1,558,549
Due in more than one year	1,587,465	4,834,034	6,421,499
<b>Total liabilities</b>	<u>3,437,036</u>	<u>6,272,561</u>	<u>9,709,597</u>
<b>Deferred Inflows of Resources:</b>			
Unearned revenue	515,481	-	515,481
<b>Total deferred inflows of resources</b>	<u>515,481</u>	<u>-</u>	<u>515,481</u>
<b>Net Position</b>			
Net investment in capital assets	24,561,276	31,674,522	56,235,798
Restricted for:			
Capital projects	80,397	-	80,397
Debt service	155,346	-	155,346
Street maintenance and repair	332,192	-	332,192
Public safety	243,872	-	243,872
Economic development	47,373	-	47,373
Health	453,740	-	453,740
Judicial	365,413	-	365,413
Unrestricted	5,435,034	4,595,925	10,030,959
<b>Total net position</b>	<u>\$ 31,674,643</u>	<u>\$ 36,270,447</u>	<u>\$ 67,945,090</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 2,164,253	\$ 893,823	\$ 71,488	\$ -
Public safety	4,179,308	82,528	125,850	-
Public works	324,705	-	-	-
Health	165,437	58,104	-	-
Conservation and recreation	681,260	147,596	-	-
Economic development	3,073,895	3,861	346,954	2,112,238
Transportation	1,352,464	45,367	554,433	1,105,874
Interest on long-term debt	24,557	-	-	-
<b>Total governmental activities</b>	<b>11,965,879</b>	<b>1,231,279</b>	<b>1,098,725</b>	<b>3,218,112</b>
<b>Business-type Activities:</b>				
Water	1,593,427	1,970,959	-	-
Sewer	1,819,260	2,796,263	-	-
Airport	321,770	91,220	-	-
Garbage	793,003	976,336	-	-
Parking meter	13,674	6,443	-	-
Ambulance	538,912	449,679	-	6,932
Other	1,127	-	-	-
<b>Total business-type activities</b>	<b>5,081,173</b>	<b>6,290,900</b>	<b>-</b>	<b>6,932</b>
<b>Total government</b>	<b>\$ 17,047,052</b>	<b>\$ 7,522,179</b>	<b>\$ 1,098,725</b>	<b>\$ 3,225,044</b>

General Revenues:

- Property taxes
- Income taxes
- Other local taxes
- Unrestricted grants and entitlements
- Unrestricted investment earnings
- Other unrestricted revenues
- Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year  
Net position at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,198,942)	\$ -	\$ (1,198,942)
(3,970,930)	-	(3,970,930)
(324,705)	-	(324,705)
(107,333)	-	(107,333)
(533,664)	-	(533,664)
(610,842)	-	(610,842)
353,210	-	353,210
(24,557)	-	(24,557)
<u>(6,417,763)</u>	<u>-</u>	<u>(6,417,763)</u>
-	377,532	377,532
-	977,003	977,003
-	(230,550)	(230,550)
-	183,333	183,333
-	(7,231)	(7,231)
-	(82,301)	(82,301)
-	(1,127)	(1,127)
-	<u>1,216,659</u>	<u>1,216,659</u>
<u>\$ (6,417,763)</u>	<u>\$ 1,216,659</u>	<u>\$ (5,201,104)</u>
571,090	-	571,090
6,378,431	-	6,378,431
58,280	-	58,280
468,730	-	468,730
31,198	1,405	32,603
386,953	84,669	471,622
(239,000)	239,000	-
<u>7,655,682</u>	<u>325,074</u>	<u>7,980,756</u>
1,237,919	1,541,733	2,779,652
30,436,724	34,728,714	65,165,438
<u>\$ 31,674,643</u>	<u>\$ 36,270,447</u>	<u>\$ 67,945,090</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2013

	General Fund	Capital Improvement Fund	Reconstruction Improvement Fund	Street Department Fund
<b>Assets:</b>				
Pooled cash and cash equivalents	\$ 2,905,769	\$ 1,373,251	\$ 264,109	\$ 238,890
Investments	-	1,000,000	-	-
Receivables:				
Taxes	1,752,373	-	-	-
Accounts	19,007	-	-	-
Intergovernmental	137,807	-	-	254,793
Prepaid items	24,611	-	-	2,273
Materials and supplies inventory	-	-	-	64,907
Advances to other funds	-	224,000	-	-
Total assets	<u>\$ 4,839,567</u>	<u>\$ 2,597,251</u>	<u>\$ 264,109</u>	<u>\$ 560,863</u>
<b>Liabilities:</b>				
Accounts payable	\$ 118,731	\$ -	\$ -	\$ 18,962
Accrued wages and benefits	181,459	-	-	8,875
Intergovernmental payable	211,034	-	-	7,916
Retainage payable	-	-	-	-
Advances from other funds	-	-	600,000	224,000
Total liabilities	<u>511,224</u>	<u>-</u>	<u>600,000</u>	<u>259,753</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	831,263	-	-	169,862
Unearned revenue	409,164	-	-	-
Total deferred inflows of resources	<u>1,240,427</u>	<u>-</u>	<u>-</u>	<u>169,862</u>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory	-	-	-	64,907
Prepaid items	24,611	-	-	2,273
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Street maintenance and repair	-	-	-	64,068
Public safety	-	-	-	-
Economic development	-	-	-	-
Health	-	-	-	-
Judicial	-	-	-	-
Assigned for:				
Future appropriations	90,203	-	-	-
Conservation and recreation	42,304	-	-	-
Capital projects	-	2,597,251	-	-
General government	253,765	-	-	-
Judicial	1,542	-	-	-
Public safety	32,941	-	-	-
Public works	1,063	-	-	-
Transportation	7,758	-	-	-
Unassigned	2,633,729	-	(335,891)	-
Total fund balances	<u>3,087,916</u>	<u>2,597,251</u>	<u>(335,891)</u>	<u>131,248</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,839,567</u>	<u>\$ 2,597,251</u>	<u>\$ 264,109</u>	<u>\$ 560,863</u>

See accompanying notes to the basic financial statements.

Historical Society Fund	Other Governmental Funds	Total Governmental Funds
\$ 91,674	\$ 1,388,015	\$ 6,261,708
-	85,900	1,085,900
-	121,918	1,874,291
-	17,475	36,482
500,657	121,436	1,014,693
-	153	27,037
-	-	64,907
-	-	224,000
<u>\$ 592,331</u>	<u>\$ 1,734,897</u>	<u>\$ 10,589,018</u>
\$ 529,078	\$ 72,744	\$ 739,515
-	5,576	195,910
-	4,645	223,595
51,806	21,737	73,543
-	-	824,000
<u>580,884</u>	<u>104,702</u>	<u>2,056,563</u>
145,693	97,981	1,244,799
-	106,317	515,481
<u>145,693</u>	<u>204,298</u>	<u>1,760,280</u>
-	-	64,907
-	153	27,037
-	41,894	41,894
-	159,567	159,567
-	22,013	86,081
-	237,205	237,205
-	35,926	35,926
-	447,612	447,612
-	433,721	433,721
-	-	90,203
-	4,384	46,688
-	100,087	2,697,338
-	-	253,765
-	-	1,542
-	-	32,941
-	-	1,063
-	-	7,758
(134,246)	(56,665)	2,106,927
<u>(134,246)</u>	<u>1,425,897</u>	<u>6,772,175</u>
<u>\$ 592,331</u>	<u>\$ 1,734,897</u>	<u>\$ 10,589,018</u>

See accompanying notes to the basic financial statements.

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**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2013

<b>Total Governmental Fund Balances</b>	<b>\$ 6,772,175</b>
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,587,199
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Delinquent property taxes receivable	47,769
Income taxes receivable	692,328
Accounts receivable	5,975
Intergovernmental receivable	498,727
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.	
Unamortized premium on bonds	(8,280)
Internal service funds are used by management to charge the costs of health care to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	274,943
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	(1,128,915)
General obligation debt	(1,065,251)
Accrued interest payable	(2,027)
<b>Net Position of Governmental Activities</b>	<b>\$ 31,674,643</b>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund	Capital Improvement Fund	Reconstruction Improvement Fund	Street Department Fund
<b>Revenues:</b>				
Property taxes	\$ 458,107	\$ -	\$ -	\$ -
Income taxes	6,004,594	-	-	-
Other local taxes	25,000	-	-	-
Charges for services	163,921	-	-	-
Licenses, permits and fees	152,514	-	-	-
Fines and forfeitures	638,321	-	-	-
Intergovernmental	593,087	-	433,788	501,451
Special assessments	-	-	-	-
Interest	23,786	4,877	-	-
Donations and contributions	-	-	-	-
Refunds and reimbursements	54,890	-	-	13,211
Other	24,962	-	-	-
Total revenues	<u>8,139,182</u>	<u>4,877</u>	<u>433,788</u>	<u>514,662</u>
<b>Expenditures:</b>				
General government:				
Legislative and executive	1,335,366	-	-	-
Judicial	589,269	-	-	-
Public safety	3,858,566	-	-	-
Public works	81,344	-	-	-
Health	101,372	-	-	-
Conservation and recreation	570,546	-	-	-
Economic development	42,475	-	-	-
Transportation	280,436	-	-	518,873
Capital outlay	233,117	-	368,317	-
Debt service:	-	-	-	-
Principal retirement	30,963	30,000	-	-
Interest and fiscal charges	16,242	-	-	-
Total expenditures	<u>7,139,696</u>	<u>30,000</u>	<u>368,317</u>	<u>518,873</u>
Excess (Deficiency) of revenues over (under) expenditures	999,486	(25,123)	65,471	(4,211)
<b>Other financing sources (uses):</b>				
Proceeds from loans	-	-	149,192	-
Insurance proceeds	-	-	-	-
Proceeds from sale of capital assets	1,307	-	-	-
Transfers in	-	113,614	-	32,156
Transfers out	(694,614)	-	-	-
Total other financing sources (uses)	<u>(693,307)</u>	<u>113,614</u>	<u>149,192</u>	<u>32,156</u>
Net Change in fund balances	306,179	88,491	214,663	27,945
Fund balance at beginning of year	2,781,737	2,508,760	(550,554)	103,303
Fund balance at end of year	<u>\$ 3,087,916</u>	<u>\$ 2,597,251</u>	<u>\$ (335,891)</u>	<u>\$ 131,248</u>

See accompanying notes to the basic financial statements.



Historical Society Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 119,151	\$ 577,258
-	-	6,004,594
-	33,280	58,280
-	36,026	199,947
-	122,464	274,978
-	153,752	792,073
1,966,545	1,063,495	4,558,366
-	244	244
567	1,968	31,198
-	11,050	11,050
-	11,309	79,410
-	18,773	43,735
<u>1,967,112</u>	<u>1,571,512</u>	<u>12,631,133</u>
-	-	1,335,366
-	126,418	715,687
-	233,630	4,092,196
-	-	81,344
-	62,035	163,407
-	-	570,546
2,648,529	382,891	3,073,895
-	31,818	831,127
-	999,344	1,600,778
-	65,000	125,963
-	12,600	28,842
<u>2,648,529</u>	<u>1,913,736</u>	<u>12,619,151</u>
(681,417)	(342,224)	11,982
-	-	149,192
-	106,976	106,976
-	-	1,307
-	342,000	487,770
-	(32,156)	(726,770)
-	416,820	18,475
(681,417)	74,596	30,457
547,171	1,351,301	6,741,718
<u>\$ (134,246)</u>	<u>\$ 1,425,897</u>	<u>\$ 6,772,175</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

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, 2013

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 30,457</b>
<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.		
	Capital outlays	1,510,177
	Depreciation	(1,008,714)
The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and disposals) is to decrease net position.		
		(26,615)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Delinquent property taxes	(6,168)
	Income taxes	373,837
	Charges for services	(90)
	Intergovernmental revenues	227,201
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not result in an expense in the statement of activities.		
		125,963
Governmental funds report the effect of debt proceeds, bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
	Proceeds from notes	(149,192)
	Amortization of premium on bonds	3,908
Internal service funds are used by management to charge the costs of health care to individual funds. The net revenue (expense) of activities of the internal service fund is reported with governmental activities.		
		172,065
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 the funds.		
	Compensated absences	(15,287)
	Accrued interest	377
<b>Change in Net Position of Governmental Activities</b>		<b>\$ 1,237,919</b>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Property taxes	\$ 446,500	\$ 446,500	\$ 455,005	\$ 8,505
Income taxes	5,400,000	6,050,000	6,017,487	(32,513)
Other local taxes	25,000	25,000	25,000	-
Charges for services	37,000	37,000	46,735	9,735
Licenses, permits and fees	85,478	85,478	103,007	17,529
Fines and forfeitures	620,300	620,300	605,735	(14,565)
Intergovernmental	347,900	599,425	592,190	(7,235)
Interest	25,000	25,000	23,837	(1,163)
Refunds and reimbursements	500,100	473,189	54,890	(418,299)
Other	2,000	27,000	24,962	(2,038)
Total revenues	<u>7,489,278</u>	<u>8,388,892</u>	<u>7,948,848</u>	<u>(440,044)</u>
<b>Expenditures</b>				
General government:				
Legislative and executive	1,496,967	1,505,391	1,457,963	47,428
Judicial	588,827	601,327	585,774	15,553
Public safety	4,063,428	4,072,283	3,943,383	128,900
Public works	373,598	355,213	80,049	275,164
Health	110,000	101,372	101,372	-
Economic development	39,500	43,500	42,475	1,025
Transportation	321,114	321,115	284,559	36,556
Capital outlay	40,643	373,876	333,815	40,061
Debt service:				
Principal retirement	30,963	30,963	30,963	-
Interest and fiscal charges	16,242	16,242	16,242	-
Total expenditures	<u>7,081,282</u>	<u>7,421,282</u>	<u>6,876,595</u>	<u>544,687</u>
Excess of Revenues Over/ (Under) Expenditures	407,996	967,610	1,072,253	104,643
<b>Other Financing Sources/(Uses)</b>				
Proceeds from sale of capital assets	-	-	1,307	1,307
Transfers out	(694,500)	(1,258,114)	(1,120,114)	138,000
Total other financing sources/(uses)	<u>(694,500)</u>	<u>(1,258,114)</u>	<u>(1,118,807)</u>	<u>139,307</u>
Net change in fund balance	(286,504)	(290,504)	(46,554)	243,950
Fund balances at beginning of year	2,348,870	2,348,870	2,348,870	-
Prior year encumbrances appropriated	151,887	151,887	151,887	-
Fund balances at end of year	<u>\$ 2,214,253</u>	<u>\$ 2,210,253</u>	<u>\$ 2,454,203</u>	<u>\$ 243,950</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
STREET DEPARTMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Intergovernmental	\$ 500,000	\$ 500,000	\$ 495,506	\$ (4,494)
Refunds and reimbursements	7,500	7,500	13,211	5,711
Total revenues	<u>507,500</u>	<u>507,500</u>	<u>508,717</u>	<u>1,217</u>
<b>Expenditures</b>				
Transportation	576,279	576,279	487,516	88,763
Capital outlay	43,600	43,600	43,515	85
Total expenditures	<u>619,879</u>	<u>619,879</u>	<u>531,031</u>	<u>88,848</u>
Excess of revenues over/ (under) expenditures	(112,379)	(112,379)	(22,314)	90,065
<b>Other Financing Sources/(Uses)</b>				
Transfers in	-	-	32,156	32,156
Advance out	(28,000)	(28,000)	(28,000)	-
Total other financing sources/(uses)	<u>(28,000)</u>	<u>(28,000)</u>	<u>4,156</u>	<u>32,156</u>
Net change in fund balance	(140,379)	(140,379)	(18,158)	122,221
Fund balances at beginning of year	147,286	147,286	147,286	-
Prior year encumbrances appropriated	30,293	30,293	30,293	-
Fund balances at end of year	<u>\$ 37,200</u>	<u>\$ 37,200</u>	<u>\$ 159,421</u>	<u>\$ 122,221</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
HISTORICAL SOCIETY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Intergovernmental	\$ 25,000	\$ 100,000	\$ 80,049	\$ (19,951)
Interest	1,000	1,000	567	(433)
Total revenues	<u>26,000</u>	<u>101,000</u>	<u>80,616</u>	<u>(20,384)</u>
<b>Expenditures</b>				
Economic development	597,978	597,978	578,184	19,794
Total expenditures	<u>597,978</u>	<u>597,978</u>	<u>578,184</u>	<u>19,794</u>
Net change in fund balance	(571,978)	(496,978)	(497,568)	(590)
Fund balances at beginning of year	193	193	193	-
Prior year encumbrances appropriated	546,978	546,978	546,978	-
Fund balances at end of year	<u>\$ (24,807)</u>	<u>\$ 50,193</u>	<u>\$ 49,603</u>	<u>\$ (590)</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Assets</b>				
Current assets:				
Pooled cash and cash equivalents	\$ 647,322	\$ 2,150,933	\$ 120,565	\$ 724,225
Receivables:				
Accounts	389,339	579,387	-	111,741
Prepaid items	9,236	462	2,546	-
Materials and supplies inventory	81,044	8,962	-	-
Total current assets	<u>1,126,941</u>	<u>2,739,744</u>	<u>123,111</u>	<u>835,966</u>
Noncurrent assets:				
Advances to other funds	-	600,000	-	-
Depreciable capital assets, net	8,449,662	12,842,776	9,542,627	70,081
Nondepreciable capital assets	2,289,923	1,805,261	804,398	-
Total noncurrent assets	<u>10,739,585</u>	<u>15,248,037</u>	<u>10,347,025</u>	<u>70,081</u>
Total assets	<u>11,866,526</u>	<u>17,987,781</u>	<u>10,470,136</u>	<u>906,047</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	15,153	66,467	15,902	45,396
Accrued wages and benefits	23,109	26,884	-	3,931
Intergovernmental payable	20,760	27,427	-	3,718
Interest payable	3,586	5,116	4,866	-
Retainage payable	-	18,593	-	-
Refundable deposits	-	-	-	-
Notes payable	712	18,400	-	-
Bonds payable	286,965	412,570	104,022	-
Compensated absences	35,200	41,610	-	7,059
Total current liabilities	<u>385,485</u>	<u>617,067</u>	<u>124,790</u>	<u>60,104</u>
Noncurrent liabilities:				
Notes payable	7,477	360,240	-	-
Bonds payable	1,231,212	1,826,156	1,184,233	-
Compensated absences	123,505	62,702	-	6,340
Total Noncurrent Liabilities	<u>1,362,194</u>	<u>2,249,098</u>	<u>1,184,233</u>	<u>6,340</u>
Total liabilities	<u>1,747,679</u>	<u>2,866,165</u>	<u>1,309,023</u>	<u>66,444</u>
<b>Net Position</b>				
Net investment in capital assets	9,297,249	12,788,971	9,079,140	70,081
Unrestricted	821,598	2,332,645	81,973	769,522
Total net position	<u>10,118,847</u>	<u>15,121,616</u>	<u>9,161,113</u>	<u>839,603</u>

See accompanying notes to the basic financial statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Fund
\$ 482,091	\$ 4,125,136	\$ 274,943
385,775	1,466,242	-
5,571	17,815	-
-	90,006	-
<u>873,437</u>	<u>5,699,199</u>	<u>274,943</u>
-	600,000	-
222,461	31,127,607	-
216,620	5,116,202	-
<u>439,081</u>	<u>36,843,809</u>	<u>-</u>
<u>1,312,518</u>	<u>42,543,008</u>	<u>274,943</u>
5,184	148,102	-
13,758	67,682	-
16,111	68,016	-
-	13,568	-
-	18,593	-
178,998	178,998	-
-	19,112	-
-	803,557	-
37,030	120,899	-
<u>251,081</u>	<u>1,438,527</u>	<u>-</u>
-	367,717	-
-	4,241,601	-
32,169	224,716	-
<u>32,169</u>	<u>4,834,034</u>	<u>-</u>
<u>283,250</u>	<u>6,272,561</u>	<u>-</u>
439,081	31,674,522	-
590,187	4,595,925	274,943
<u>1,029,268</u>	<u>36,270,447</u>	<u>274,943</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Operating Revenues</b>				
Charges for services	\$ 1,959,099	\$ 2,788,503	\$ -	\$ 976,336
Refunds and reimbursements	11,860	7,760	117	-
Rental income	-	-	91,103	-
Other operating revenue	43,867	12,253	1,300	26,470
Total operating revenues	<u>2,014,826</u>	<u>2,808,516</u>	<u>92,520</u>	<u>1,002,806</u>
<b>Operating Expenses</b>				
Personal services	767,792	1,007,077	-	120,228
Contractual services	201,210	117,110	133,335	599,328
Materials and supplies	322,242	61,209	2,278	39,709
Depreciation	256,382	343,606	112,973	15,329
Other operating expenses	43,427	283,166	11,307	18,409
Total operating expenses	<u>1,591,053</u>	<u>1,812,168</u>	<u>259,893</u>	<u>793,003</u>
Operating income (loss)	<u>423,773</u>	<u>996,348</u>	<u>(167,373)</u>	<u>209,803</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	277	1,101	27	-
Grants income	-	-	-	-
Interest and fiscal charges	(2,374)	(7,092)	(61,877)	-
Operating transfers in	-	-	233,000	-
Total non-operating revenues (expenses)	<u>(2,097)</u>	<u>(5,991)</u>	<u>171,150</u>	<u>-</u>
Change in net position	421,676	990,357	3,777	209,803
Net position at beginning of year	9,697,171	14,131,259	9,157,336	629,800
Net position at end of year	<u>\$ 10,118,847</u>	<u>\$ 15,121,616</u>	<u>\$ 9,161,113</u>	<u>\$ 839,603</u>

See accompanying notes to the basic financial statements.



Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 456,122	\$ 6,180,060	\$ 1,197,298
-	19,737	76,446
-	91,103	-
779	84,669	-
<u>456,901</u>	<u>6,375,569</u>	<u>1,273,744</u>
459,232	2,354,329	-
13,104	1,064,087	1,101,679
24,891	450,329	-
35,275	763,565	-
21,211	377,520	-
<u>553,713</u>	<u>5,009,830</u>	<u>1,101,679</u>
<u>(96,812)</u>	<u>1,365,739</u>	<u>172,065</u>
-	1,405	-
6,932	6,932	-
-	(71,343)	-
6,000	239,000	-
<u>12,932</u>	<u>175,994</u>	<u>-</u>
(83,880)	1,541,733	172,065
1,113,148	34,728,714	102,878
<u>\$ 1,029,268</u>	<u>\$ 36,270,447</u>	<u>\$ 274,943</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Business-type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 1,928,058	\$ 2,785,312	\$ 91,103	\$ 970,627
Other operating receipts	55,727	20,013	1,417	26,470
Cash paid to employees	(742,394)	(975,429)	(97,423)	(117,766)
Cash paid to suppliers	(537,217)	(204,031)	(6,452)	(649,182)
Cash paid for other expenses	(43,632)	(292,539)	(34,369)	(37,835)
Net cash flows from operating activities	<u>660,542</u>	<u>1,333,326</u>	<u>(45,724)</u>	<u>192,314</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in (out)	-	-	233,000	-
Advances in (out)	-	200,000	-	-
Net cash flows from noncapital financing activities	<u>-</u>	<u>200,000</u>	<u>233,000</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(288,642)	(993,949)	(18,685)	-
Grants	-	-	-	-
Payment of debt	(282,677)	(425,970)	(99,022)	-
Payment of interest	(48,673)	(69,256)	(62,275)	-
Net cash flows from capital and related financing activities	<u>(619,992)</u>	<u>(1,489,175)</u>	<u>(179,982)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Cash received from interest	277	1,101	27	-
Net cash flows from investing activities	<u>277</u>	<u>1,101</u>	<u>27</u>	<u>-</u>
Net change in cash	40,827	45,252	7,321	192,314
Cash and cash equivalents at beginning of year	606,495	2,105,681	113,244	531,911
Cash and cash equivalents at end of year	<u>\$ 647,322</u>	<u>\$ 2,150,933</u>	<u>\$ 120,565</u>	<u>\$ 724,225</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	\$ 423,773	\$ 996,348	\$ (167,373)	\$ 209,803
Add depreciation expense	256,382	343,606	112,973	15,329
(Increase)/Decrease in current assets				
Accounts receivable	(31,041)	(3,191)	-	(5,709)
Prepaid expenses	(9,184)	536	(2,546)	-
Materials and supplies inventory	(903)	1,890	-	-
Increase/(Decrease) in current liabilities				
Accounts payable	(3,883)	(7,356)	11,222	(29,571)
Accrued wages	5,272	4,900	-	399
Compensated absences	18,699	19,092	-	1,737
Refundable deposits	-	-	-	-
Intergovernmental payable	1,427	7,656	-	326
Retainage payable	-	(30,155)	-	-
Net cash flows from operating activities	<u>\$ 660,542</u>	<u>\$ 1,333,326</u>	<u>\$ (45,724)</u>	<u>\$ 192,314</u>

See accompanying notes to the basic financial statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 521,127	\$ 6,296,227	\$ 1,273,744
779	104,406	-
(472,611)	(2,405,623)	-
(38,963)	(1,435,845)	(1,102,034)
(37,798)	(446,173)	-
<u>(27,466)</u>	<u>2,112,992</u>	<u>171,710</u>
6,000	239,000	-
-	200,000	-
<u>6,000</u>	<u>439,000</u>	<u>-</u>
(911)	(1,302,187)	-
6,932	6,932	-
-	(807,669)	-
-	(180,204)	-
<u>6,021</u>	<u>(2,283,128)</u>	<u>-</u>
-	1,405	-
-	<u>1,405</u>	<u>-</u>
(15,445)	270,269	171,710
497,536	3,854,867	103,233
<u>\$ 482,091</u>	<u>\$ 4,125,136</u>	<u>\$ 274,943</u>
\$ (96,812)	\$ 1,365,739	\$ 172,065
35,275	763,565	-
39,311	(630)	-
(556)	(11,750)	-
-	987	-
(975)	(30,563)	(355)
(3,991)	6,580	-
3,593	43,121	-
9,670	9,670	-
(12,981)	(3,572)	-
-	(30,155)	-
<u>\$ (27,466)</u>	<u>\$ 2,112,992</u>	<u>\$ 171,710</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AS OF DECEMBER 31, 2013

	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Pooled cash and cash equivalents	\$ 18,825	\$ 14,689
Cash in segregated account	-	49,917
Investments	60,000	-
Total assets	<u>78,825</u>	<u>64,606</u>
<b>Liabilities</b>		
Deposits held and due to others	-	14,689
Undistributed assets	-	49,917
Total liabilities	<u>-</u>	<u>64,606</u>
<b>Net Position</b>		
Net position held in trust	<u>\$ 78,825</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Private-Purpose Trust Funds</u>
<b>Additions</b>	
Interest	\$ 1,802
Other revenue	<u>30</u>
Total additions	<u>1,832</u>
<b>Deductions</b>	
Endowments	<u>1,052</u>
Total deductions	<u>1,052</u>
Change in net position	780
Net position at beginning of year	<u>78,045</u>
Net position at end of year	<u><u>\$ 78,825</u></u>

See accompanying notes to the basic financial statements.

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**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY**

The City of Bellefontaine (the City) is a body politic and Corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The City was formed as a village in 1820 and incorporated in 1835. In 1900 it became a City and is presently a home rule municipal corporation under the laws of the State of Ohio.

The City operates under a council-mayor form of government and provides the following services: public safety; public services, recreation and development. Education services are provided by Bellefontaine City School District. The School District is a separate governmental entity and its financial statements are not included in these financial statements.

This report includes all activities considered by management to be part of the City by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for legally separate organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support, the organization; or (c) is obligated in some manner for the debt of the entity. The financial statements of the reporting entity allow the users to distinguish between the primary government and its component units.

Most component units are included in the financial reporting entity by discrete presentation (one or more columns separate from the financial data of the primary government). Some component units are so intertwined with the primary government that they are reported in a manner similar to the balances and transactions of the primary government itself (this method is known as blending).

Utilizing this criteria, the City included on its financial statements the operations and balances of the Municipal Court and the Park Commission. The City has not included the Bellefontaine City School District, which elects its own officials, and has no control over its operations.

Management believes the financial statements included in this report represent all of the funds of the City over which the City has the ability to exercise direct operating control.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**B. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property and income taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

***Unearned Revenue and Unavailable Revenue*** – Unearned revenue and unavailable revenue arise when assets are recognized before revenue recognition criteria have been satisfied.



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property taxes for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance fiscal year 2014 operations, and grants and entitlements received before eligibility requirements are met, are recorded as unearned revenue on the both the governmental fund and government-wide financial statements.

Revenues earned but not received within the City's availability period are recorded as unavailable revenue on the fund financial statements.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *capital improvements fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

The *reconstruction improvements fund* is used to account for financial resources to be used for the right-of-way acquisition and subsequent resurfacing of a major highway.

The *street department fund* is used to account for receipts and expenditures associated with the street construction and maintenance within the City.

The *historical society fund* is used to account for receipts and expenditures associated with the Historical Society Museum.

The government reports the following major proprietary funds:

The *water fund* accounts for the activities of the water department. The water department operates the water distribution system.

The *sewer fund* accounts for the activities of the sewer department. The sewer department operates the sewage treatment plant, sewage pumping stations and sewage collection systems.

The *airport fund* accounts for the activities of the City's airport.

The *garbage fund* accounts for the City's garbage removal activities.

Additionally, the government reports the following fund types:

The *internal service fund* is used to account for insurance services provided to other departments of the government on a cost reimbursement basis.

The *private-purpose trust funds* are used to account for resources legally held in trust.

The *agency funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's Municipal Court is accounted for in an agency fund.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**C. Deposits and Investments**

To improve cash management, cash received by the City is pooled, except as specifically stipulated by ordinance. 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 "Pooled cash and cash equivalents" on the balance sheet and statement of net position.

State statutes authorize the City to invest in obligations of the U.S. Treasury, repurchase agreements, bonds of the State of Ohio and STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

For presentation purposes on the Statement of Cash Flows and Statement of Net Position/Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City's net outstanding advance balance between the governmental and proprietary funds at December 31, 2013 was \$600,000.

**E. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (\$5,000 for infrastructure) and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight line method over the estimated useful lives of the related assets. Depreciable lives used for property items within each property classification are as follows:

<u>Classification</u>	<u>Useful Life</u>
Buildings	40 years
Utility Plant in Service	40-80 years
Improvements other than Buildings	20-50 years
Machinery, Vehicles, Furniture & Equipment	5-20 years

**G. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All accumulated vacation leave and vested accumulated sick leave is recorded as a liability in the government-wide, proprietary, and fiduciary fund financial statements. In the governmental funds, accumulated vacation leave and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure and a fund liability of the governmental fund that will pay it.

The compensated absences liability for vacation leave includes salary-related payments, which are payments directly and incrementally related to the amount of salary paid to the employee. Salary-related payments include medicare taxes and employer contributions to cost-sharing multiple employer public employee retirement systems.

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**I. Fund Balance**

In accordance with Governmental Accounting Standards Board Statements No. 54, Fund Balance Reporting, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories were used:

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance/net position are available. The City considers assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Interfund Transactions**

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

During the normal course of operations, the City has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in the governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the City are treated similarly when involving other funds of the City.

**K. Estimates**

The preparation of financial statements in conformity with U.S. 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.

**L. Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The City has restricted net position for capital projects, debt service, street maintenance and repair, public safety, health, judicial, and economic development. The City did not have any net position restricted by enabling legislation.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While the City is reporting financial position, results of operations, and changes in fund balances on the basis of United States generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual – for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).
- (4) Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Statement. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)**

Reconciliation of the major differences between the budget basis and GAAP basis are as follows:

**Net Change in Fund Balances**

	General Fund	Street Department Fund	Historical Society Fund
	<u>          </u>	<u>          </u>	<u>          </u>
GAAP basis	\$ 306,179	\$ 27,945	\$ (681,417)
Parks and Recreation Change	22,114	-	-
Revenue accruals	(54,196)	(5,945)	(1,886,496)
Expenditure accruals	55,126	67,311	2,112,416
Other Financing Sources	11,548	(28,000)	-
Encumbrances	<u>(387,325)</u>	<u>(79,469)</u>	<u>(42,071)</u>
Budget basis	<u>\$ (46,554)</u>	<u>\$ (18,158)</u>	<u>\$ (497,568)</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits 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.

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

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

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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 investment to the Treasurer, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

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 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.

Deposits - At fiscal year end, the carrying amount of the City's deposits was \$8,499,387 and the bank balance was \$8,674,534. Of the bank balance, \$2,250,231 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% 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 and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

Investments — Statutes authorize the City of Bellefontaine to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, repurchase agreements and the state treasurer's investment pool. As of December 31, 2013, the City had \$3,391,731 invested in money market accounts and Star Ohio.

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.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Credit Risk. The City's money market funds were unrated. The City has no investment policy that addresses credit risk.

Concentration of Credit Risk. The City places no limit on the amount that may be invested in any one issuer. The City's money market funds were held with several banking institutions. The City investments were 100 percent in money market funds.

**NOTE 5 - TAXES**

Property Taxes

Property taxes are levied and assessed on a calendar year basis. Property taxes include amounts levied against all real and public utility property located in the City. All property is required to be revalued every six years. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Public utility property taxes, attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

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 alternate payment dates to be established.

The City receives property taxes from Logan County. The County Auditor periodically advances to the City its portion of the taxes collected. Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility property, which became measurable as of December 31, 2013. The assessed valuations of the City for tax year 2012, which were used to collect taxes in calendar year 2013, are as follows:

	Amount	Percent
Real Estate (Other Than Public Utility)	\$ 212,589,550	96%
Public Utility	9,792,040	4%
Total Assessed Value	222,381,590	

Income Taxes

The City levies an income tax of 1.333% on the gross salaries, wages and other personal services compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a full credit for taxes paid, up to the percentage which would be due the City, to other Ohio municipalities.

The receipts of the City income tax and the administrative costs associated with their collection are accounted for in the General Fund. Income tax receipts, net of related administrative costs, are disbursed, appropriated and allocated in accordance with ordinance No. 3565 as amended.



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 6 - CAPITAL ASSETS**

Governmental capital asset activity for the year ended December 31, 2013, was as follows:

Description	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Non-depreciated assets:					
Land	\$ 5,920,387	\$ 24,037	\$ -	\$ -	\$ 5,944,424
Construction in Progress	544,769	213,908	-	(109,530)	649,147
Total Non-depreciated assets	<u>6,465,156</u>	<u>237,945</u>	<u>-</u>	<u>(109,530)</u>	<u>6,593,571</u>
Capital assets, being depreciated:					
Land Improvements	5,751,305	36,702	-	-	5,788,007
Buildings	4,374,127	459,907	-	-	4,834,034
Equipment	2,469,697	98,519	(202,032)	-	2,366,184
Furniture	237,984	-	(219)	-	237,765
Vehicles	3,303,309	17,822	(94,129)	-	3,227,002
Infrastructure	16,549,763	659,282	-	109,530	17,318,575
Total depreciated assets	<u>32,686,185</u>	<u>1,272,232</u>	<u>(296,380)</u>	<u>109,530</u>	<u>33,771,567</u>
Total capital assets	<u>39,151,341</u>	<u>1,510,177</u>	<u>(296,380)</u>	<u>-</u>	<u>40,365,138</u>
Less accumulated depreciation for:					
Land Improvements	182,193	62,767	-	-	244,960
Buildings	2,184,526	71,297	-	-	2,255,823
Equipment	1,801,913	99,434	(181,351)	-	1,719,996
Furniture	185,617	11,382	(199)	-	196,800
Vehicles	1,920,884	142,172	(88,215)	-	1,974,841
Infrastructure	7,763,857	621,662	-	-	8,385,519
Total accumulated depreciation	<u>14,038,990</u>	<u>1,008,714</u>	<u>(269,765)</u>	<u>-</u>	<u>14,777,939</u>
Total depreciable assets, net	<u>18,647,195</u>	<u>263,518</u>	<u>(26,615)</u>	<u>109,530</u>	<u>18,993,628</u>
Total capital assets, net	<u>\$ 25,112,351</u>	<u>\$ 501,463</u>	<u>\$ (26,615)</u>	<u>\$ -</u>	<u>\$ 25,587,199</u>

Depreciation expense was charged to governmental functions as follows:

Conservation and Recreation	\$ 44,947
Health	873
Judicial	15,190
Legislative and Executive	67,554
Public Safety	114,335
Public Works	240,662
Transportation	525,153
Total	<u>\$ 1,008,714</u>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

Proprietary capital asset activity for the year ended December 31, 2013, was as follows:

Description	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Non-depreciated assets:					
Land	\$ 1,784,949	\$ -	\$ -	\$ -	\$ 1,784,949
Construction in Progress	2,698,096	859,188	-	(226,031)	3,331,253
<b>Total Non-depreciated assets</b>	<b>4,483,045</b>	<b>859,188</b>	<b>-</b>	<b>(226,031)</b>	<b>5,116,202</b>
Capital assets, being depreciated:					
Land Improvements	8,161,904	3,503	-	-	8,165,407
Buildings	13,802,651	-	-	71,861	13,874,512
Equipment	3,803,145	107,848	(28,740)	-	3,882,253
Furniture	19,505	-	-	-	19,505
Vehicles	1,175,029	94,420	(39,217)	-	1,230,232
Infrastructure	15,296,962	389,611	-	154,170	15,840,743
<b>Total assets being depreciated</b>	<b>42,259,196</b>	<b>595,382</b>	<b>(67,957)</b>	<b>226,031</b>	<b>43,012,652</b>
<b>Total capital assets</b>	<b>46,742,241</b>	<b>1,454,570</b>	<b>(67,957)</b>	<b>-</b>	<b>48,128,854</b>
Less accumulated depreciation for:					
Land Improvements	493,426	31,963	-	-	525,389
Buildings	3,271,644	191,561	-	-	3,463,205
Equipment	2,280,062	130,474	(23,146)	-	2,387,390
Furniture	17,769	258	-	-	18,027
Vehicles	653,547	88,487	(36,295)	-	705,739
Construction in Progress	1,179	(1,179)	-	-	-
Infrastructure	4,463,294	322,001	-	-	4,785,295
<b>Total accumulated depreciation</b>	<b>11,180,921</b>	<b>763,565</b>	<b>(59,441)</b>	<b>-</b>	<b>11,885,045</b>
<b>Total depreciable assets, net</b>	<b>31,078,275</b>	<b>(168,183)</b>	<b>(8,516)</b>	<b>226,031</b>	<b>31,127,607</b>
<b>Total capital assets, net</b>	<b>\$ 35,561,320</b>	<b>\$ 691,005</b>	<b>\$ (8,516)</b>	<b>\$ -</b>	<b>\$ 36,243,809</b>

Depreciation expense was charged to business-type programs as follows:

Water	\$ 256,382
Sewer	343,606
Airport	112,973
Garbage	15,329
Other Nonmajor	35,275
<b>Total</b>	<b>\$ 763,565</b>

In October 2010, the City issued \$4,240,000 in Series 2010 various purpose bonds for the purpose of providing funds to pay costs of energy projects ongoing in the City.

In accordance with Governmental Accounting Standards Board Statement No. 62, from the date the debt was issued, the City capitalizes the net effect of interest expense and related interest revenue on the portion of the debt issued to fund the energy project. Interest capitalized during the fiscal year was \$92,830. Interest costs not capitalized are expensed.

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 7 - LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	New Issues	Retirements	Ending Balance	Due in One Year
<b>Governmental Activities:</b>					
Tax Increment Financing Bond:					
Gunttontown Road, 4.50/6.00%, 2015	\$ 210,000	\$ -	\$ (65,000)	\$ 145,000	\$ 70,000
2010 Energy Project Bonds, 2-3.75%, 2027	551,577	-	(30,963)	520,614	30,963
OPWC Street Resurfacing, 0%, 2019	195,000	-	(30,000)	165,000	30,000
OPWC Roadway Improvement	85,445	149,192	-	234,637	11,732
Unamortized premium on sale of bonds	12,188	-	(3,908)	8,280	-
Compensated Absences Payable	1,113,628	267,387	(252,100)	1,128,915	472,286
<b>Total Governmental Activities</b>	<b>2,167,838</b>	<b>416,579</b>	<b>(381,971)</b>	<b>2,202,446</b>	<b>614,981</b>
<b>Business-Type Activities:</b>					
Revenue and General Obligation Bonds and Loans:					
Airport Improvement, 2.00/4.80%, 2023	1,315,000	-	(95,000)	1,220,000	100,000
OPWC Rehabilitation, 0%, 2014	20,000	-	(10,000)	10,000	10,000
OPWC Waterline Replacement, 0%, 2025	8,901	-	(712)	8,189	712
OPWC Storm Water Drainage, 0%, 2028	130,200	-	(8,400)	121,800	8,400
OPWC Wastewater Treatment Plant Upgrade, 0%, 2031	275,880	-	(14,520)	261,360	14,520
2010 Refunding Bonds 2-3%, 2028	655,000	-	(325,000)	330,000	330,000
2010 New Project Bonds 2-3%, 2015	520,000	-	(170,000)	350,000	175,000
2010 Energy Project Bonds 2-3%, 2027	3,278,423	-	(184,037)	3,094,386	184,037
Unamortized premium on sale of bonds	50,834	-	(14,582)	36,252	-
Compensated Absences Payable	302,494	97,589	(54,468)	345,615	120,899
<b>Total Business-Type Activities</b>	<b>6,556,732</b>	<b>97,589</b>	<b>(876,719)</b>	<b>5,777,602</b>	<b>943,568</b>
<b>Total Long-Term Obligations</b>	<b>\$ 8,724,570</b>	<b>\$ 514,168</b>	<b>\$ (1,258,690)</b>	<b>\$ 7,980,048</b>	<b>\$ 1,558,549</b>

General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City.

Water and sewer revenue bonds are for utility construction projects. Property and revenue of the utility facilities have been pledged to repay these debts.

The compensated absences liability represents accrued bonus, compensatory time, vacation, and sick leave benefits as of December 31, 2013 (See Note 10). The compensated absences will be paid from the funds in which the employees' salaries are paid.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)**

During 2012, the City entered into a loan arrangement through the Ohio Public Works Commission (OPWC) to fund various roadway improvements. The loan amount was in the amount of \$234,637. As of December 31, 2013, the District had drawdown the full amount.

On September 2, 2010, the City issued \$6.715 million in General Obligation Bonds to finance future projects (\$5,260,000), current refund the 1999 storm water bonds (\$475,000) and current refund the 1995 Water Mortgage Revenue Bonds (\$980,000). The bonds were issued with interest rates ranging from 2.0% to 3.75%, compared to the refunded bonds having an interest rate ranging from 3.75% to 5.2%.

The sewer current refunding reduces its total debt service over the next 5 years by \$29,287 and to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately the same amount.

The water current refunding reduces its total debt service over the next 5 years by \$98,722 and to obtain an economic gain (difference between present values of the old and new debt service payments) of approximately the same amount.

A summary of the City's future debt service requirements as of December 31, 2013 were as follows:

Year	Principal	Interest
<b>Governmental Activities:</b>		
2014	\$ 142,695	\$ 24,323
2015	148,415	19,504
2016	74,135	14,370
2017	74,855	13,641
2018	75,576	12,813
2019-2023	260,160	48,498
2024-2028	230,758	15,891
2029-2033	58,657	-
	<u>\$ 1,065,251</u>	<u>\$ 149,040</u>

**Business-Type Activities:**

2014	\$ 822,669	\$ 162,824
2015	491,949	145,042
2016	326,229	133,473
2017	330,509	124,517
2018	339,788	114,314
2019-2023	1,906,662	389,055
2024-2028	1,134,369	94,448
2029-2033	43,560	-
	<u>\$ 5,395,735</u>	<u>\$ 1,163,673</u>

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2013 member contribution rate for City employees was 10.00% of covered payroll 2013. The 2013 employer contribution rate for the City was 14.00% of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2013, 2012, and 2011 were \$467,409, \$449,817, and \$470,531 respectively. The full amount has been contributed for 2012 and 2011; 92.5 percent has been contributed for 2013 with the remainder being reported as a fund liability.

**B. Ohio Police and Fire Pension Fund**

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 by 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.

Plan members are required to contribute 10.00 percent of their annual covered salary during January 1, 2013 to July 1, 2013 and 10.75% of covered payroll from July 2, 2013 to December 31, 2013., while employers are required to contribute 19.50% and 24% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2013, 2012, and 2011 were \$532,352, \$514,739, and \$586,391, respectively. The full amount has been contributed for 2012 and 2011; 92.2 percent has been contributed for 2013 with the remainder being reported as a fund liability.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS**

***A. Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Funding Policy - The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 1.0%. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0%. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OPERS for post-employment benefits for the years ending December 31, 2013, 2012, and 2011 were \$33,373, \$128,513, and \$134,431, respectively. The full amount has been contributed for 2012 and 2011; 92.5 percent has been contributed for 2013 with the remainder being reported as a fund liability.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

***B. Ohio Police and Fire Pension Fund***

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)**

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

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2013, the employer contribution allocated to the health care plan was 4.69% of covered payroll from January 1, 2013 to May 31, 2013 and 2.85% of covered payroll from June 1, 2013 to December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F for the years ending December 31, 2013, 2012, and 2011 were \$532,352, \$514,739, and \$586,391, respectively, of which \$87,420, \$161,976 and \$183,021, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2012 and 2011; 92.2% has been contributed for police and firefighters for 2013.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 10 - EMPLOYEE BENEFITS**

The City accrues unpaid bonus, compensatory time and vacation as it is earned and certain portions of sick leave as payment becomes probable. Sick leave accumulates at the rate of 4.6 hours of sick leave for 80 hours of work completed. Sick leave may be converted into cash upon retirement with ten years of service at the rate of thirty-three percent for a maximum of 40 eight-hour work days. Individuals leaving employment of the City prior to retirement or at retirement with less than three years of service lose their accumulated unpaid vested leave.

Vacation leave accumulates at a varying rate based upon years of service. No more than three years entitlement of vacation can be carried forward into the next calendar year unless the employee is unable to use his vacation due to the operational needs of the City. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation up to a maximum of the three-years' entitlements accrual.

At December 31, 2013, the City's liability for accumulated unpaid sick leave was \$645,448. A liability of \$497,457 has been recognized in the governmental activities and \$147,991 has been recognized in the business-type activities. In addition, the City's liability for accrued vacation, compensatory and bonus accumulation was \$829,082. A liability of \$631,458 has been recognized in the governmental activities and \$197,624 has been recognized in the business-type activities.

**NOTE 11 – CONTINGENT LIABILITIES**

The City may be a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's Law Director that any judgment against the City would not have a material adverse effect on the City's financial position.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

**NOTE 12 - CONDUIT DEBT OBLIGATIONS**

The City has issued Hospital Facilities Revenue and Refunding Bonds and a Master Equipment Lease-Purchase and Sublease-Purchase agreement for financing the acquisition, construction and installation of certain Hospital Facilities and for the acquisition of equipment for the Mary Rutan Health Association of Logan County. The debt is secured by the property financed and is payable solely from payments received on the underlying mortgage loans. Upon repayment of the debt, ownership of the acquired facilities transfers to the Mary Rutan Health Association of Logan County, the entity served by the debt issuance. Neither the City or State, nor any political subdivision thereof is obligated in any manner for repayment of the debt. Accordingly, the debt is not reported as a liability in the accompanying financial statements.

The original issuance for the Revenue Bonds in 2006 was \$15,000,000. As of December 31, 2013, the revenue bonds outstanding were \$6,860,000.



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 13 – INTERFUND TRANSFERS/ADVANCES**

A schedule of interfund transfers during the fiscal year is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>
Capital Improvement Fund	\$ 113,614	\$ -
Other Governmental Funds	342,000	-
Airport Fund	233,000	-
Parking Meter Fund	6,000	-
Street Department Fund	-	32,156
<b>Total Transfers In/Out</b>	<b>\$ 694,614</b>	<b>\$ 32,156</b>

Transfers are used to (1) move receipts restricted to debt service from the fund(s) collecting the receipts to the debt service fund(s) as debt service payments become due, (2) move matching monies to finance the City's share of grant expenses, (3) move FEMA money to the fund that made the original disbursement, and (4) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code and grant requirements.

Interfund balances at December 31, 2013 consisted of the following:

<u>Fund</u>	<u>Beginning Balance</u>	<u>New Advances</u>	<u>Advance Repayments</u>	<u>Ending Balance</u>
Capital Improvement	\$ 252,000	\$ -	\$ (28,000)	\$ 224,000
Street Department	(252,000)	-	28,000	(224,000)
Reconstruction Improvement	(800,000)	-	200,000	(600,000)
Sewer Fund	800,000	-	(200,000)	600,000

The advance from the capital improvement fund to the street department fund was made to help finance projects due to insufficient funds. When the City begins charging for storm water these monies will be repaid. The advance from the sewer fund to the reconstruction Improvement fund were made to provide funding for the road project until other financing could be secured by the City. Advances not expected to be repaid within one year will be recorded as Advances to/from Other Funds. Those expected to be repaid within one year will be recorded as Due to/from Other Funds.

**NOTE 14 – DEFERRED INFLOWS OF RESOURCES**

Unearned revenue at December 31, 2013 consisted of property taxes for which there is an enforceable legal claim as of December 31, 2013, which were levied to finance year 2014 operations and grants and entitlements received before eligibility requirements are met.

A summary of the items of unearned revenue reported on the statement of net position follows:

<b><u>Governmental Activities:</u></b>	
Property taxes	\$ 515,481
	<u>\$ 515,481</u>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 15 – LIABILITY INSURANCE**

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 100% insured with a \$1,000 deductible. Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

All employees of the City are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage. The City pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**NOTE 16 – CONTRACTUAL COMMITMENTS**

The District had the following contractual commitments outstanding at year-end:

Contractor	Contract Amount	Amount Paid	Amount Remaining
Berquist Consulting Inc.	\$ 235,750	\$ 119,459	\$ 116,291
Levan's Excavating Inc	503,727	171,364	332,363
Robertson Construction	538,412	499,471	38,941
Allied Waste Services	105,500	30,401	75,099
Lusituform Technologies, Inc.	361,644	291,393	70,251
Total	<u>\$ 1,745,033</u>	<u>\$ 1,112,088</u>	<u>\$ 632,945</u>

**NOTE 17 – ACCOUNTABILITY**

***Deficit Fund Balance***

The following funds had a deficit fund balance as of December 31, 2013:

Governmental Fund	Deficit
<i>Major fund</i>	
Reconstruction Improvement Fund	\$ (335,891)
Historical Society Fund	(134,246)
<i>Nonmajor funds</i>	
FAA Grant	(53,001)
Probation	(3,664)

These funds complied with Ohio State law, which does not permit a cash basis deficit at year end. The deficit fund balance in these funds resulted from adjustments for accrued liabilities. The general fund is responsible for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE 18 – CHANGES IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2013, the City has implemented the following:

*GASB Statement No. 61 “The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34”* improves financial reporting for a government financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The implementation of this statement did not have a significant effect on the financial statements of the City.

*GASB Statement No. 66 “Technical Corrections – 2012 - an Amendment of GASB Statements No. 10 and No. 62* resolves conflicting guidance that results from the issuance of GASB Statements No. 54 and No. 62. This Statement also amend GASB Statement No. 10 by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. This Statement also amends GASB Statement No. 62 to clarify how to apply GASB Statement No. 13 and results in guidance that is consistent with GASB Statement No. 48. The implementation of this statement did not have a significant effect on the financial statements of the City.

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**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARD EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Project Number</u>	<u>Federal CFDA Number</u>	<u>Award Disbursements</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed through Ohio Development Services Agency</i>			
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	A-Z-08-2AL-1	14.228	\$16,253
	A-C-11-2AL-1	14.228	1,000
	A-F-13-2AL-1	14.228	5,000
	A-C-13-2AL-1	14.228	<u>10,000</u>
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			32,253
Home Investment Partnerships Program	A-C-11-2AL-2	14.239	259,407
Total U.S. Department of Housing and Urban Development			<u>291,660</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Passed through Ohio Office of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grant Program	2012-JG-A02-6956	16.738	48,870
<i>Passed through the Ohio Attorney General's Office</i>			
Crime Victim Assistance	2013VAGENE-577	16.575	11,246
	2014VAGENE-577	16.575	3,554
	2011VAGENE-952	16.575	460
	2013VAGENE-900	16.575	134
	2011VAGENE-899	16.575	<u>1,000</u>
Total Crime Victim Assistance			16,394
Total U.S. Department of Justice			<u>65,264</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct</i>			
Airport Improvement Program	3-39-0125-0913	20.106	459,907
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction	PID 89026	20.205	7,600
	PID 89213	20.205	<u>1,737,744</u>
Total Highway Planning and Construction			1,745,344
Total U.S. Department of Transportation			<u>2,205,251</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed through Franklin County Office of Homeland Security &amp; Justice Programs</i>			
Non-Profit Security Program	10-UASI-160	97.008	135,622
<i>Passed through Ohio Emergency Management Agency</i>			
Disaster Grants - Public Assistance	FIPS #091-05130-00	97.036	54,834
Total U.S. Department of Homeland Security			<u>190,456</u>
Total Federal Award Expenditures			<u>\$2,752,631</u>

See accompanying notes to the Schedule of Federal Award Expenditures.

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARD EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – SUB-RECIPIENTS**

The City passes certain federal awards received from U.S. Department of Housing and Urban Development to other governments (sub-recipients). As Note A describes, the City reports expenditures of Federal awards to sub-recipients when paid in cash.

The City monitors its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

**NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has a Revolving Loan Fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The Schedule reports loans made and administrative costs as disbursements. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property and equipment. At December 31, 2013, there were no outstanding loans.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the City 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.



# Dave Yost • Auditor of State

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

City of Bellefontaine  
Logan County  
135 North Detroit Street  
Bellefontaine, Ohio 43311

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 10, 2014.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 10, 2014





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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 Bellefontaine  
Logan County  
135 North Detroit Street  
Bellefontaine, Ohio 43311

To the Members of Council:

### ***Report on Compliance for Each Major Federal Program***

We have audited the City of Bellefontaine's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Bellefontaine's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

### ***Management's Responsibility***

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Bellefontaine complied, in all material respects with the compliance requirements referred to above that could directly and materially affects each of its major federal programs for the year ended December 31, 2013.

**Report on Internal Control Over Compliance**

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 10, 2014

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #20.106 – Airport Improvement Program  CFDA #20.205 – Highway Planning and Construction
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

CITY OF BELLEFONTAINE  
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2012-001	See Finding 2012-003 listed below.	Yes	
2012-002	<b>24 C.F.R. Section 85.21(c) and Ohio Department of Development, Office of Housing and Community Partnership's Financial Management Rules and Regulations Handbook Section (A)(3)(f)</b> – Failure to comply with cash management requirements of Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Yes	
2012-003	<b>OMB Circular A-133 Subpart C §.310(b)</b> – Inaccurate preparation of Schedule of Federal Award Expenditures	Yes	



# Dave Yost • Auditor of State

**CITY OF BELLEFONTAINE**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 14, 2014**