



Dave Yost • Auditor of State



**CITY OF BELPRE  
WASHINGTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Management's Discussion and Analysis.....	3
Statement of Net Position .....	13
Statement of Activities.....	14
Balance Sheet – Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Street Fund .....	21
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds.....	23
Statement of Cash Flows – Proprietary Funds .....	24
Statement of Fiduciary Net Position – Fiduciary Funds .....	25
Notes to the Basic Financial Statements .....	27
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability:	
Ohio Public Employees Retirement System (OPERS) – Last Two Fiscal Years .....	63
Ohio Police and Fire Pension Fund (OP&F) – Last Two Fiscal Years .....	64
Schedule of the City's Contributions:	
Ohio Public Employees Retirement System (OPERS) – Last Ten Fiscal Years .....	66
Ohio Police and Fire Pension Fund (OP&F) – Last Ten Fiscal Years.....	68
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	71

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Belpre  
Washington County  
P.O. Box 160  
Belpre, Ohio 45714-0160

To the City 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 Belpre, Washington County, Ohio (the City), as of and for the year ended December 31, 2015, 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 activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Street Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2016, 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

June 7, 2016

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The discussion and analysis of the City of Belpre's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

#### **Financial Highlights**

Key financial highlights for 2015 are as follows:

In total, assets and deferred outflows of resources decreased \$1,172,422. Governmental activities decreased \$1,090,130; the business-type activities experienced a decrease of \$82,292.

In total, liabilities and deferred inflows of resources decreased \$1,032,413. Total liabilities and deferred inflows of resources of governmental activities decreased \$150,425. Total liabilities and deferred inflows of resources of business-type activities decreased \$881,988 from 2014.

In total, net position decreased \$140,009. Net position of governmental activities decreased \$939,705, while net position of business-type activities increased \$799,696 from 2014.

#### **Using this Annual Financial Report**

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 of Belpre as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial 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 nonmajor funds presented in total in one column.

#### ***Reporting the City of Belpre as a Whole***

##### *Statement of Net Position and the Statement of Activities*

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

**Governmental Activities** - Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our sewer and water activities. Effective April 1, 2011, the City began reporting sanitation services in the General Fund.

**Business-Type Activities** - Sewer and water services have charges based upon the amount of usage. The City charges fees to recoup the cost of the entire operations of our Sewer and Water Treatment Plants as well as all depreciation associated with the facilities.

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

#### ***Reporting the City of Belpre's Most Significant Funds***

##### *Fund Financial Statements*

The basic governmental fund financial statements begin on page 13. Fund financial statements provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Belpre, our major funds are the General, Street, Sewer, and Water Funds.

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

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

***Fiduciary Funds*** - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. They are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

##### ***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. These notes to the basic financial statements can be found on pages 25-58 of this report.

##### ***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 59-65 of this report.

##### **The City of Belpre as a Whole**

Recall that the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2015 compared to 2014. The net position at December 31, 2014 has been restated as described in Note 3.

**CITY OF BELPRE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Net Position

	Governmental Activities 2015	Restated Governmental Activities 2014	Business Type Activities 2015	Restated Business Type Activities 2014	Total 2015	Restated Total 2014
<b>Assets</b>						
Current and Other Assets	\$ 2,805,564	\$ 3,127,276	\$ 1,326,332	\$ 1,232,704	\$ 4,131,896	\$ 4,359,980
Capital Assets, Net	10,367,286	11,234,042	12,810,609	13,009,328	23,177,895	24,243,370
<i>Total Assets</i>	<u>13,172,850</u>	<u>14,361,318</u>	<u>14,136,941</u>	<u>14,242,032</u>	<u>27,309,791</u>	<u>28,603,350</u>
<b>Deferred inflows of resources</b>						
Pension	298,502	200,164	75,091	52,292	373,593	252,456
<i>Total deferred outflows of resources</i>	<u>298,502</u>	<u>200,164</u>	<u>75,091</u>	<u>52,292</u>	<u>373,593</u>	<u>252,456</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>13,471,352</u>	<u>14,561,482</u>	<u>14,212,032</u>	<u>14,294,324</u>	<u>27,683,384</u>	<u>28,855,806</u>
<b>Liabilities</b>						
Current and						
Other Liabilities	147,636	207,567	194,490	194,199	342,126	401,766
Long-term Liabilities:						
Due Within One Year	188,561	197,008	919,712	898,957	1,108,273	1,095,965
Net Pension Liability	2,072,096	1,979,788	440,167	430,225	2,512,263	2,410,013
Other Amounts	232,337	425,408	806,361	1,728,028	1,038,698	2,153,436
<i>Total Liabilities</i>	<u>2,640,630</u>	<u>2,809,771</u>	<u>2,360,730</u>	<u>3,251,409</u>	<u>5,001,360</u>	<u>6,061,180</u>
<b>Deferred inflows of resources</b>						
Property Taxes Levied for						
The Next Fiscal Year	312,910	311,000	-	-	312,910	311,000
Pension	16,806	-	8,691	-	25,497	-
<i>Total Deferred Inflows Of Resources</i>	<u>329,716</u>	<u>311,000</u>	<u>8,691</u>	<u>-</u>	<u>338,407</u>	<u>311,000</u>
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>2,970,346</u>	<u>3,120,771</u>	<u>2,369,421</u>	<u>3,251,409</u>	<u>5,339,767</u>	<u>6,372,180</u>
<b>Net Position</b>						
Net Investment in						
Capital Assets	9,995,202	10,697,207	11,093,512	10,393,968	21,088,714	21,091,175
Restricted	318,524	435,277	123,914	120,404	442,438	555,681
Unrestricted	187,280	308,227	625,185	528,543	812,465	836,770
<i>Total Net Position</i>	<u>\$ 10,501,006</u>	<u>\$ 11,440,711</u>	<u>\$ 11,842,611</u>	<u>\$ 11,042,915</u>	<u>\$ 22,343,617</u>	<u>\$ 22,483,626</u>

During 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, for governmental activities from \$13,220,335 to \$11,440,711 and business-type activities from \$11,420,848 to \$11,042,915.

Total governmental assets and deferred outflows of resources decreased \$1,090,130. The largest decrease was capital assets. Capital assets decreased \$866,756 as a result of depreciation expense exceeding current year additions.

Total governmental liabilities and deferred inflows of resources decreased \$150,425. Long-term liabilities decreased \$109,210 with a capital lease payment of \$144,218, a reduction of \$558 in the police pension payable, and a decrease in compensated absences of \$4,510.

**CITY OF BELPRE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

For business-type activities, total assets and deferred outflows of resources decreased \$82,292. While equity in pooled cash and cash equivalents increased \$77,768, accounts receivable increased \$16,578, materials and supplies inventory decreased \$190, prepayments decreased \$528 and capital assets decreased by \$198,719. Total liabilities and deferred inflows of resources decreased \$881,988. The most significant decrease was in long-term liabilities, decreasing \$890,970 with a capital lease payment of \$802,095 and other debt payments of \$96,168.

The following table shows the changes in net position for 2015 and 2014. The net position at December 31, 2014 has been restated as described in Note 3.

(Table 2)  
Changes in Net Position

	Governmental Activities 2015	Business- Type Activities 2015	Total 2015	Governmental Activities 2014	Business- Type Activities 2014	Total 2014
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,183,702	\$ 2,457,734	\$ 3,641,436	\$ 1,107,303	\$ 2,550,956	\$ 3,658,259
Operating Grants, Contributions and Interest	558,152	-	558,152	476,684	-	476,684
Capital Grants and Contributions	-	148,000	148,000	342,248	-	342,248
<b>Total Program Revenues</b>	<b>1,741,854</b>	<b>2,605,734</b>	<b>4,347,588</b>	<b>1,926,235</b>	<b>2,550,956</b>	<b>4,477,191</b>
<b>General Revenues</b>						
Property Taxes	288,248	-	288,248	298,480	-	298,480
Income Tax	1,426,321	-	1,426,321	1,281,579	-	1,281,579
Franchise Tax	121,065	-	121,065	121,963	-	121,963
Grants and Entitlements	243,385	-	243,385	253,795	-	253,795
Interest	17,637	-	17,637	26,766	52	26,818
Donations	14,909	-	14,909	9,831	-	9,831
Other	144,768	22,708	167,476	90,856	36,669	127,525
<b>Total General Revenues</b>	<b>2,256,333</b>	<b>22,708</b>	<b>2,279,041</b>	<b>2,083,270</b>	<b>36,721</b>	<b>2,119,991</b>
<b>Total Revenues</b>	<b>3,998,187</b>	<b>2,628,442</b>	<b>6,626,629</b>	<b>4,009,505</b>	<b>2,587,677</b>	<b>6,597,182</b>
<b>Program Expenses</b>						
General Government	714,310	-	714,310	703,875	-	703,875
Security of Persons and Property:						
Police	1,378,545	-	1,378,545	1,320,698	-	1,320,698
Fire	186,831	-	186,831	214,773	-	214,773
Public Health Services	717,614	-	717,614	694,211	-	694,211
Transportation	1,552,499	-	1,552,499	1,409,619	-	1,409,619
Leisure Time Activities:	-					
Senior Center	90,147	-	90,147	86,985	-	86,985
Parks	162,592	-	162,592	160,178	-	160,178
Pool	115,578	-	115,578	108,715	-	108,715
Interest and Fiscal Charges	19,776	-	19,776	23,831	-	23,831
Sewer	-	1,135,046	1,135,046	-	1,279,480	1,279,480
Water	-	693,700	693,700	-	734,023	734,023
<b>Total Program Expenses</b>	<b>4,937,892</b>	<b>1,828,746</b>	<b>6,766,638</b>	<b>4,722,885</b>	<b>2,013,503</b>	<b>6,736,388</b>
<b>Increase (Decrease) in Net Position</b>	<b>(939,705)</b>	<b>799,696</b>	<b>(140,009)</b>	<b>(713,380)</b>	<b>574,174</b>	<b>(139,206)</b>
<b>Net Position Beginning of Year</b>	<b>11,440,711</b>	<b>11,042,915</b>	<b>22,483,626</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Position End of Year</b>	<b>\$ 10,501,006</b>	<b>\$ 11,842,611</b>	<b>\$ 22,343,617</b>	<b>\$ 11,440,711</b>	<b>\$ 11,042,915</b>	<b>\$ 22,604,030</b>

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$252,456 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$258,350. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	\$ 4,937,892	\$ 1,828,746
Pension expense under GASB 68	(91,739)	(47,438)
2015 contractually required contributions	<u>99,797</u>	<u>51,605</u>
Adjusted 2015 program expenses	4,945,950	1,832,913
Total 2014 program expenses under GASB 27	<u>4,722,885</u>	<u>2,013,503</u>
Increase (decrease) in program expenses not related to pension	<u>\$ 223,065</u>	<u>\$ (180,590)</u>

#### ***Governmental Activities***

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 1.0 percent. General revenues from grants and entitlements, such as local government funds, are also a large revenue generator. The City monitors both of these revenue sources very closely for fluctuations because the income tax and intergovernmental revenue represent 42 percent of all revenues in the governmental activities.

Income tax collections experienced an increase of \$144,742. The City began using the Regional Income Tax (RITA) for its income tax collection effective January 1, 2013 (See Note 18.C for detail).

The City has worked very hard on increasing our income tax base by being proactive with new businesses and is continuing to strive to provide better service to the taxpayers at the lowest possible cost. The ability of the City to continue to provide quality services without income tax increases rests on City Management's ability to keep costs in line. The level of services provided have put a strain on the City's finances since no increase has occurred in the income tax rates since the enactment of the income tax levy in 1976.

Security of persons and property is a major activity of the City, generating 32% of the governmental expenses. During 2015, expenses for police and fire operations amounted to \$1,378,545 and \$186,831, respectively. These activities are, for the most part, funded by the municipal income tax. The City attempts to supplement the activities of the police department with grants to enable the police department to widen the scope of its activities. The Belpre Volunteer Firefighters, Inc., an entity separate and distinct from the City, has worked hand in hand with the City to help reduce costs to the taxpayer by providing much of the equipment used by the fire department.

Transportation activities of the City accounted for 31% of the governmental expenses. The expenses were related to street maintenance, paving, and patching as well as street lighting.

#### ***Business-Type Activities***

The City's business-type activities provide water and sewer services. Effective April 1, 2011, the City began reporting the revenues and expenses associated with sanitation services in the General Fund. The City, itself, does not provide trash pickup, but contracts this service from an outside vendor. The City provides the billing service for trash pickup on the existing utility bills and receives a commission from the vendor for providing this service for them. In July 2010, contracts were signed, commercial billing was audited, and correct rates were put into place. During 2015, program expenses for all water and sewer operations were exceeded by revenues by \$799,696.

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The City's water and sewer departments continued to operate with low rates. In April 2012, the minimum water rate increased to \$9.78 from \$9.39 for the first 3,000 gallons of water consumed and the sewer rate increased to \$19.16 from \$18.42. The administration and city council are proud to be able to keep rates below the neighboring water associations and provide a quality product.

#### **The City's Funds**

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,061,629 and expenditures of \$4,273,111. Revenues increased \$336,886 and expenditures increased \$139,052 from 2014 levels.

The fund balance of the General Fund decreased \$275,951. Revenues increased \$246,693 from 2014 levels mainly due to an increase in intergovernmental revenues of \$42,736, an increase in income taxes of \$94,423 and an increase in charges for services of \$59,152. Expenditures increased \$171,605 from 2014 levels mainly in security of persons and properties police expenditures, which increased \$58,918, and during 2015 the City began accounting for the parks department out of the general fund.

The Street Fund did not experience any significant changes from the previous year. The fund balance increased \$49,416. The increase in fund balance was mainly due to an increase in transfers in of \$97,000.

During 2015, the Sewer Fund had operating revenues of \$1,443,588 (\$1,513,636 in 2014) and operating expenses of \$1,087,106 (\$1,213,290 in 2014). The Water Fund had operating revenues of \$1,035,103 (\$1,073,989 in 2014) and operating expenses of \$650,602 (\$672,991 in 2014).

#### ***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. From time to time during the year, the fund's budget may be amended as needs or conditions change.

During the course of 2015, the City's Estimated Revenues were increased \$59,287. Appropriations were increased \$13,000. Recommendations for any budget changes come from the City Auditor to the Finance Committee of Council for review before going to Council for Ordinance enactment on the change. The allocation of appropriations among objects, except personal services, within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

The City's ending unencumbered cash balance in the General Fund was \$963,117, \$468,536 above the final budgeted amount. The City received \$206,830 more in revenues than anticipated partly explained by an increase in income taxes. The City also cut actual expenditures by \$255,706, reducing amounts in nearly all appropriated programs.

THIS SPACE INTENTIONALLY LEFT BLANK

**CITY OF BELPRE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015

**Capital Assets and Debt Administration**

(Table 3)  
Capital Assets at December 31, 2015

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 2,727,575	\$ 2,727,575	\$ 242,194	\$ 242,194	\$ 2,969,769	\$ 2,969,769
Construction in Progress	-	80,000	152,350	-	152,350	80,000
Buildings and Improvements	2,959,400	2,911,792	438,806	454,436	3,398,206	3,366,228
Machinery and Equipment	390,646	390,657	431,389	478,664	822,035	869,321
Vehicles	284,050	373,567	15,738	22,442	299,788	396,009
Infrastructure:						
City Streets	3,837,253	4,558,813	-	-	3,837,253	4,558,813
Street Signals	168,362	191,638	-	-	168,362	191,638
Sewer System	-	-	5,925,353	6,069,877	5,925,353	6,069,877
Water System	-	-	5,604,779	5,741,715	5,604,779	5,741,715
<b>Totals</b>	<b>\$ 10,367,286</b>	<b>\$ 11,234,042</b>	<b>\$ 12,810,609</b>	<b>\$ 13,009,328</b>	<b>\$ 23,177,895</b>	<b>\$ 24,243,370</b>

The capital assets of the City are reported at historical cost, net of depreciation. The City's major outlays for governmental activities included equipment of \$15,153 for general government activities, improvements and equipment of \$5,830 for the parks, \$21,285 for police and fire equipment, \$54,003 for infrastructure and equipment for street, \$5,673 in equipment for the senior center, \$31,751 in vehicles for police and \$111,699 in building improvements for the City building HVAC project. The City's major outlays for business-type activities included \$3,077 for water equipment, \$29,742 for sewer machinery and equipment and \$152,350 in construction in progress for the sewer lift station project.

For additional information on capital assets, see Note 9 to the basic financial statements.

(Table 4)  
Outstanding Debt at December 31, 2015

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Issue II Water Well Loan	\$ -	\$ -	\$ 29,600	\$ 33,824	\$ 29,600	\$ 33,824
Ambulance Promissory Note	15,985	47,179	-	-	15,985	47,179
Water Tank Loan	-	-	92,349	147,710	92,349	147,710
Water Lines Loan	-	-	11,168	37,262	11,168	37,262
Issue II Sewer Treatment Plant Loan	-	-	98,108	108,597	98,108	108,597
Capital Leases	267,162	411,380	1,485,872	2,287,967	1,753,034	2,699,347
Lease Purchase	88,937	109,975	-	-	88,937	109,975
Police Pension Liability	17,144	17,702	-	-	17,144	17,702
<b>Totals</b>	<b>\$ 389,228</b>	<b>\$ 586,236</b>	<b>\$ 1,717,097</b>	<b>\$ 2,615,360</b>	<b>\$ 2,106,325</b>	<b>\$ 3,201,596</b>

## **CITY OF BELPRE, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015**

The City had no bond issues outstanding but had a police pension liability, various loans payable, capital leases payable and a lease purchase agreement at December 31, 2015, totaling \$2,106,325, of which \$1,108,273 is due within one year. The City has two Ohio Public Works Issue II loans outstanding, one for a water well replacement and one for sewer treatment plant improvements. The City also has three long-term loans outstanding for a water tank and water line as well as a promissory note for an ambulance.

For additional information on debt, see Note 12 to the basic financial statements.

#### **Current Financial Related Activities**

The City of Belpre was pleased to welcome Marietta Memorial Health System to our community in 2011. They have brought new jobs, increasing the tax base and customer traffic for current and new businesses. Other new businesses include Advanced Auto Parts, Java City, The Belpre Bistro, B'Ohio, Express Auto, Q Wagon, and Belpre Landings. The City administration, city council, and the Belpre Chamber of Commerce Economic Development committee is aggressively working with realtors to move businesses into our available locations.

The City is committed to improving the safety of our residents. The administration has scheduled for periodic replacement of fire hydrants that have been in place for over 50 years. Additions to equipment include three Police SUV's that are equipped with 4x4 capabilities, a Tar Melter to seal roadways, and riding mowers to safely maintain our park system just to name a few.

Five new employees were hired to fill vacancies due to retirements. We are pleased to welcome these new faces to our work force.

#### **Contacting the City Auditor's Department**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with an overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Leslie Pittenger, Belpre City Auditor, 715 Park Drive, Belpre, Ohio 45714, 740-423-7592.

**This page intentionally left blank.**

**CITY OF BELPRE, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2015

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 1,420,980	\$ 1,062,489	\$ 2,483,469
Cash and cash equivalents in segregated accounts. . . . .	6,614	-	6,614
<b>Receivables:</b>			
Income taxes. . . . .	660,285	-	660,285
Property taxes . . . . .	322,876	-	322,876
Accounts. . . . .	122,485	242,722	365,207
Intergovernmental . . . . .	241,573	-	241,573
Materials and supplies inventory. . . . .	8,147	9,249	17,396
Prepayments . . . . .	22,604	11,872	34,476
<b>Capital assets:</b>			
Non-depreciable capital assets, net. . . . .	2,727,575	394,544	3,122,119
Depreciable capital assets, net. . . . .	7,639,711	12,416,065	20,055,776
Total capital assets, net. . . . .	<u>10,367,286</u>	<u>12,810,609</u>	<u>23,177,895</u>
Total assets . . . . .	<u>13,172,850</u>	<u>14,136,941</u>	<u>27,309,791</u>
<b>Deferred outflows of resources:</b>			
Pension OP&F . . . . .	153,287	-	153,287
Pension OPERS . . . . .	145,215	75,091	220,306
Total deferred outflows of resources . . . . .	<u>298,502</u>	<u>75,091</u>	<u>373,593</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	59,653	28,311	87,964
Contracts payable. . . . .	-	8,613	8,613
Accrued wages and benefits payable . . . . .	49,511	16,313	65,824
Intergovernmental payable . . . . .	22,590	8,972	31,562
Accrued interest payable . . . . .	93	1,393	1,486
Vacation benefits payable. . . . .	15,789	6,974	22,763
Customer deposits payable . . . . .	-	123,914	123,914
<b>Long-term liabilities:</b>			
Due within one year . . . . .	188,561	919,712	1,108,273
Due in more than one year:			
Net pension liability . . . . .	2,072,096	440,167	2,512,263
Other amounts due in more than one year. . . . .	232,337	806,361	1,038,698
Total liabilities . . . . .	<u>2,640,630</u>	<u>2,360,730</u>	<u>5,001,360</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . .	312,910	-	312,910
Pension OPERS. . . . .	16,806	8,691	25,497
Total deferred inflows of resources . . . . .	<u>329,716</u>	<u>8,691</u>	<u>338,407</u>
<b>Net position:</b>			
Net investment in capital assets. . . . .	9,995,202	11,093,512	21,088,714
<b>Restricted for:</b>			
Capital projects . . . . .	6,881	-	6,881
Street improvements . . . . .	233,050	-	233,050
Community development programs . . . . .	17,656	-	17,656
Law enforcement . . . . .	12,120	-	12,120
Parks and recreation . . . . .	4,081	-	4,081
Mayor's court. . . . .	39,728	-	39,728
Unclaimed monies . . . . .	5,008	-	5,008
Customer deposits . . . . .	-	123,914	123,914
Unrestricted. . . . .	187,280	625,185	812,465
Total net position . . . . .	<u>\$ 10,501,006</u>	<u>\$ 11,842,611</u>	<u>\$ 22,343,617</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government . . . . .	\$ 714,310	\$ 205,551	\$ 186,974	\$ -
Security of persons and property				
Police . . . . .	1,378,545	90,155	-	-
Fire . . . . .	186,831	84	-	-
Public health and welfare . . . . .	717,614	795,081	-	-
Transportation . . . . .	1,552,499	51,598	371,178	-
Leisure time activities:				
Senior center . . . . .	90,147	-	-	-
Parks . . . . .	162,592	2,140	-	-
Pool . . . . .	115,578	39,093	-	-
Interest and fiscal charges . . . . .	19,776	-	-	-
<b>Total governmental activities . . . . .</b>	<u>4,937,892</u>	<u>1,183,702</u>	<u>558,152</u>	<u>-</u>
<b>Business-type activities:</b>				
Sewer . . . . .	1,135,046	1,443,403	-	-
Water . . . . .	693,700	1,014,331	-	148,000
<b>Total business-type activities . . . . .</b>	<u>1,828,746</u>	<u>2,457,734</u>	<u>-</u>	<u>148,000</u>
<b>Total primary government . . . . .</b>	<u>\$ 6,766,638</u>	<u>\$ 3,641,436</u>	<u>\$ 558,152</u>	<u>\$ 148,000</u>

**General revenues:**

Property taxes levied for general purposes . . .
Income taxes levied for general purposes . . .
Franchise tax . . . . .
Grants and entitlements not restricted to specific programs . . . . .
Investment earnings . . . . .
Donations . . . . .
Miscellaneous . . . . .
<b>Total general revenues . . . . .</b>
 Change in net position . . . . .
 <b>Net position at beginning of year (restated) .</b>
 <b>Net position at end of year . . . . .</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**Net (Expense) Revenue and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (321,785)	\$ -	\$ (321,785)
(1,288,390)	-	(1,288,390)
(186,747)	-	(186,747)
77,467	-	77,467
(1,129,723)	-	(1,129,723)
(90,147)	-	(90,147)
(160,452)	-	(160,452)
(76,485)	-	(76,485)
(19,776)	-	(19,776)
<u>(3,196,038)</u>	<u>-</u>	<u>(3,196,038)</u>
-	308,357	308,357
-	468,631	468,631
<u>-</u>	<u>776,988</u>	<u>776,988</u>
<u>(3,196,038)</u>	<u>776,988</u>	<u>(2,419,050)</u>
288,248	-	288,248
1,426,321	-	1,426,321
121,065	-	121,065
243,385	-	243,385
17,637	-	17,637
14,909	-	14,909
144,768	22,708	167,476
<u>2,256,333</u>	<u>22,708</u>	<u>2,279,041</u>
(939,705)	799,696	(140,009)
<u>11,440,711</u>	<u>11,042,915</u>	<u>22,483,626</u>
<u>\$ 10,501,006</u>	<u>\$ 11,842,611</u>	<u>\$ 22,343,617</u>

**CITY OF BELPRE, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 1,041,816	\$ 122,198	\$ 251,958	\$ 1,415,972
Cash and cash equivalents in segregated accounts. . . . .	6,010	-	604	6,614
Receivables:				
Income taxes. . . . .	660,285	-	-	660,285
Property taxes . . . . .	322,876	-	-	322,876
Accounts. . . . .	116,138	5,307	1,040	122,485
Intergovernmental . . . . .	82,036	144,007	15,530	241,573
Materials and supplies inventory. . . . .	3,007	5,140	-	8,147
Prepayments . . . . .	17,803	4,801	-	22,604
Restricted assets:				
Equity in pooled cash and cash equivalents . .	5,008	-	-	5,008
Total assets . . . . .	<u>\$ 2,254,979</u>	<u>\$ 281,453</u>	<u>\$ 269,132</u>	<u>\$ 2,805,564</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 55,022	\$ 4,317	\$ 314	\$ 59,653
Accrued wages and benefits payable . . . . .	43,125	6,386	-	49,511
Intergovernmental payable . . . . .	19,747	2,843	-	22,590
Total liabilities . . . . .	<u>117,894</u>	<u>13,546</u>	<u>314</u>	<u>131,754</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . .	312,910	-	-	312,910
Delinquent property tax revenue not available. . .	9,966	-	-	9,966
Income tax revenue not available . . . . .	421,371	-	-	421,371
Other nonexchange transactions. . . . .	57,032	94,889	8,562	160,483
Total deferred inflows of resources . . . . .	<u>801,279</u>	<u>94,889</u>	<u>8,562</u>	<u>904,730</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	20,810	9,941	-	30,751
Restricted. . . . .	5,008	163,077	235,469	403,554
Committed . . . . .	-	-	24,787	24,787
Assigned . . . . .	562,626	-	-	562,626
Unassigned . . . . .	747,362	-	-	747,362
Total fund balances. . . . .	<u>1,335,806</u>	<u>173,018</u>	<u>260,256</u>	<u>1,769,080</u>
Total liabilities, deferred inflows of resources and fund balances. . . . .	<u>\$ 2,254,979</u>	<u>\$ 281,453</u>	<u>\$ 269,132</u>	<u>\$ 2,805,564</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2015

<b>Total governmental fund balances</b>		\$ 1,769,080
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		10,367,286
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 421,371	
Real and other taxes receivable	9,966	
Intergovernmental receivable	160,483	
Total	591,820	591,820
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(93)
Vacation is accrued on the statement of net position, whereas in the funds, vacation leave expenditures are reported when taken.		(15,789)
The net pension liability is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	298,502	
Deferred inflows of resources	(16,806)	
Net pension liability	(2,072,096)	
Total	(1,790,400)	(1,790,400)
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	31,670	
Police pension liability	17,144	
Capital lease payable	267,162	
Lease purchase agreement	88,937	
Notes payable	15,985	
Total	(420,898)	(420,898)
<b>Net position of governmental activities</b>		<b>\$ 10,501,006</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,457,574	\$ -	\$ -	\$ 1,457,574
Property taxes . . . . .	306,880	-	-	306,880
Charges for services . . . . .	975,535	-	39,093	1,014,628
Licenses and permits . . . . .	116,030	-	-	116,030
Fines and forfeitures . . . . .	110,432	-	9,939	120,371
Intergovernmental . . . . .	263,373	289,101	262,620	815,094
Investment income . . . . .	15,684	1,758	195	17,637
Rental income . . . . .	2,895	-	-	2,895
Contributions and donations . . . . .	14,909	-	1,500	16,409
Other . . . . .	141,873	36,021	16,217	194,111
Total revenues . . . . .	<u>3,405,185</u>	<u>326,880</u>	<u>329,564</u>	<u>4,061,629</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	671,611	-	-	671,611
Security of persons and property:				
Police . . . . .	1,310,220	-	2,778	1,312,998
Fire . . . . .	106,120	-	-	106,120
Public health and welfare . . . . .	717,889	-	-	717,889
Transportation . . . . .	83,782	504,622	30,848	619,252
Leisure time activities:				
Senior center . . . . .	77,905	-	-	77,905
Parks . . . . .	109,711	-	14,775	124,486
Pool . . . . .	-	-	85,850	85,850
Capital outlay . . . . .	125,111	-	215,102	340,213
Debt service:				
Principal retirement . . . . .	197,008	-	-	197,008
Interest and fiscal charges . . . . .	19,779	-	-	19,779
Total expenditures . . . . .	<u>3,419,136</u>	<u>504,622</u>	<u>349,353</u>	<u>4,273,111</u>
Excess expenditures over revenues . . . . .	<u>(13,951)</u>	<u>(177,742)</u>	<u>(19,789)</u>	<u>(211,482)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	-	158	-	158
Transfers in . . . . .	-	227,000	35,000	262,000
Transfers (out) . . . . .	<u>(262,000)</u>	<u>-</u>	<u>-</u>	<u>(262,000)</u>
Total other financing sources (uses) . . . . .	<u>(262,000)</u>	<u>227,158</u>	<u>35,000</u>	<u>158</u>
Net change in fund balances . . . . .	(275,951)	49,416	15,211	(211,324)
<b>Fund balances at beginning of year . . . . .</b>	<u>1,611,757</u>	<u>123,602</u>	<u>245,045</u>	<u>1,980,404</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,335,806</u>	<u>\$ 173,018</u>	<u>\$ 260,256</u>	<u>\$ 1,769,080</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

<b>Net change in fund balances - total governmental funds</b>		\$ (211,324)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 165,394	
Current year depreciation	(1,032,150)	
Total		(866,756)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(31,253)	
Property taxes	(18,632)	
Intergovernmental revenues	(13,557)	
Total		(63,442)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		197,008
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		
		3
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		200,136
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(210,912)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		15,582
<b>Change in net position of governmental activities</b>		<u>\$ (939,705)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,122,735	\$ 1,145,934	\$ 1,195,335	\$ 49,401
Real and other taxes. . . . .	293,610	299,678	306,880	7,202
Charges for services. . . . .	886,044	904,354	963,555	59,201
Fees, licenses and permits. . . . .	138,304	141,162	146,245	5,083
Fines and forfeitures . . . . .	83,493	85,218	79,674	(5,544)
Intergovernmental. . . . .	229,002	233,735	275,927	42,192
Investment income. . . . .	19,645	20,051	17,582	(2,469)
Rental income . . . . .	2,947	3,008	2,995	(13)
Contributions and donations. . . . .	4,420	4,512	14,909	10,397
Other . . . . .	88,802	90,637	132,017	41,380
<b>Total revenues . . . . .</b>	<b>2,869,002</b>	<b>2,928,289</b>	<b>3,135,119</b>	<b>206,830</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	746,143	746,143	684,500	61,643
Security of persons and property:				
Police . . . . .	1,419,802	1,425,802	1,310,291	115,511
Fire . . . . .	124,854	124,854	106,701	18,153
Public health and welfare. . . . .	755,438	755,438	722,515	32,923
Transportation . . . . .	88,000	88,000	84,169	3,831
Leisure time activities:				
Senior center. . . . .	83,960	83,960	78,347	5,613
Parks . . . . .	118,065	118,065	100,033	18,032
Debt service:				
Principal retirement. . . . .	31,752	31,752	31,752	-
Interest and fiscal charges . . . . .	1,833	1,833	1,833	-
<b>Total expenditures . . . . .</b>	<b>3,369,847</b>	<b>3,375,847</b>	<b>3,120,141</b>	<b>255,706</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(500,845)</u>	<u>(447,558)</u>	<u>14,978</u>	<u>462,536</u>
<b>Other financing uses:</b>				
Transfers out . . . . .	<u>(261,000)</u>	<u>(268,000)</u>	<u>(262,000)</u>	<u>6,000</u>
<b>Total other financing uses . . . . .</b>	<b><u>(261,000)</u></b>	<b><u>(268,000)</u></b>	<b><u>(262,000)</u></b>	<b><u>6,000</u></b>
Net change in fund balances . . . . .	(761,845)	(715,558)	(247,022)	468,536
<b>Fund balances at beginning of year . . . . .</b>	<b>1,210,139</b>	<b>1,210,139</b>	<b>1,210,139</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 448,294</u></b>	<b><u>\$ 494,581</u></b>	<b><u>\$ 963,117</u></b>	<b><u>\$ 468,536</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 STREET FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 273,068	\$ 261,359	\$ 290,779	\$ 29,420
Investment income . . . . .	2,117	2,026	1,758	(268)
Other . . . . .	27,944	26,746	30,714	3,968
Total revenues . . . . .	<u>303,129</u>	<u>290,131</u>	<u>323,251</u>	<u>33,120</u>
<b>Expenditures:</b>				
Current:				
Transportation . . . . .	<u>568,784</u>	<u>582,284</u>	<u>497,748</u>	<u>84,536</u>
Total expenditures . . . . .	<u>568,784</u>	<u>582,284</u>	<u>497,748</u>	<u>84,536</u>
Excess of expenditures over revenues . . . . .	<u>(265,655)</u>	<u>(292,153)</u>	<u>(174,497)</u>	<u>117,656</u>
<b>Other financing sources:</b>				
Sale of capital assets . . . . .	423	405	158	(247)
Transfers in . . . . .	<u>232,848</u>	<u>222,864</u>	<u>227,000</u>	<u>4,136</u>
Total other financing sources . . . . .	<u>233,271</u>	<u>223,269</u>	<u>227,158</u>	<u>3,889</u>
Net change in fund balances . . . . .	(32,384)	(68,884)	52,661	121,545
<b>Fund balances at beginning of year . . . . .</b>	<u>69,537</u>	<u>69,537</u>	<u>69,537</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 37,153</u>	<u>\$ 653</u>	<u>\$ 122,198</u>	<u>\$ 121,545</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2015

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . . . .	\$ 293,744	\$ 201,973	\$ 442,858	\$ 938,575
Accounts . . . . .	134,431	108,291	-	242,722
Materials and supplies inventory . . . . .	5,199	4,050	-	9,249
Prepayments . . . . .	7,845	4,027	-	11,872
Restricted assets:				
Customer deposits - cash . . . . .	-	123,914	-	123,914
Total current assets . . . . .	<u>441,219</u>	<u>442,255</u>	<u>442,858</u>	<u>1,326,332</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable capital assets . . . . .	222,565	171,979	-	394,544
Depreciable capital assets, net . . . . .	6,424,343	5,991,722	-	12,416,065
Total noncurrent assets . . . . .	<u>6,646,908</u>	<u>6,163,701</u>	<u>-</u>	<u>12,810,609</u>
Total assets . . . . .	<u>7,088,127</u>	<u>6,605,956</u>	<u>442,858</u>	<u>14,136,941</u>
<b>Deferred outflows of resources:</b>				
Pension OPERS . . . . .	56,525	18,566	-	75,091
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	17,246	11,065	-	28,311
Contracts payable . . . . .	8,613	-	-	8,613
Accrued wages and benefits payable . . . . .	12,531	3,782	-	16,313
Intergovernmental payable . . . . .	7,426	1,546	-	8,972
Accrued interest payable . . . . .	981	412	-	1,393
Vacation benefits payable . . . . .	5,132	1,842	-	6,974
Capital lease obligations payable . . . . .	464,895	371,008	-	835,903
OPWC loans payable . . . . .	10,699	4,309	-	15,008
Loans payable . . . . .	-	68,801	-	68,801
Customer deposits payable from restricted assets . . . . .	-	123,914	-	123,914
Total current liabilities . . . . .	<u>527,523</u>	<u>586,679</u>	<u>-</u>	<u>1,114,202</u>
Long-term liabilities:				
Compensated absences payable . . . . .	5,625	3,351	-	8,976
Capital lease obligations payable . . . . .	361,486	284,174	-	645,660
OPWC loans payable . . . . .	87,409	29,600	-	117,009
Loans payable . . . . .	-	34,716	-	34,716
Net pension liability . . . . .	331,338	108,829	-	440,167
Total long-term liabilities . . . . .	<u>785,858</u>	<u>460,670</u>	<u>-</u>	<u>1,246,528</u>
Total liabilities . . . . .	<u>1,313,381</u>	<u>1,047,349</u>	<u>-</u>	<u>2,360,730</u>
<b>Deferred inflows of resources:</b>				
Pension OPERS . . . . .	6,542	2,149	-	8,691
<b>Net position:</b>				
Net investment in capital assets . . . . .	5,722,419	5,371,093	-	11,093,512
Restricted for other purposes . . . . .	-	123,914	-	123,914
Unrestricted . . . . .	102,310	80,017	442,858	625,185
Total net position . . . . .	<u>\$ 5,824,729</u>	<u>\$ 5,575,024</u>	<u>\$ 442,858</u>	<u>\$ 11,842,611</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 1,443,403	\$ 1,014,331	-	2,457,734
Other operating revenues . . . . .	185	20,772	-	20,957
Total operating revenues. . . . .	<u>1,443,588</u>	<u>1,035,103</u>	<u>-</u>	<u>2,478,691</u>
<b>Operating expenses:</b>				
Personal services . . . . .	430,991	143,396	-	574,387
Contract services. . . . .	346,525	219,088	-	565,613
Materials and supplies. . . . .	100,539	93,328	-	193,867
Depreciation. . . . .	208,964	174,924	-	383,888
Other . . . . .	87	19,866	-	19,953
Total operating expenses. . . . .	<u>1,087,106</u>	<u>650,602</u>	<u>-</u>	<u>1,737,708</u>
Operating income . . . . .	<u>356,482</u>	<u>384,501</u>	<u>-</u>	<u>740,983</u>
<b>Nonoperating revenues (expenses):</b>				
Interest and fiscal charges . . . . .	(47,940)	(43,098)	-	(91,038)
Gain on sale of capital assets . . . . .	1,609	142	-	1,751
Total nonoperating revenues (expenses) . . . . .	<u>(46,331)</u>	<u>(42,956)</u>	<u>-</u>	<u>(89,287)</u>
Income before capital contributions. . . . .	310,151	341,545	-	651,696
Capital contributions. . . . .	<u>148,000</u>	<u>-</u>	<u>-</u>	<u>148,000</u>
Change in net position . . . . .	458,151	341,545	-	799,696
<b>Net position at beginning of year (restated).</b>	<u>5,366,578</u>	<u>5,233,479</u>	<u>442,858</u>	<u>11,042,915</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 5,824,729</u>	<u>\$ 5,575,024</u>	<u>\$ 442,858</u>	<u>\$ 11,842,611</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2015

	<b>Business-type Activities - Enterprise Funds</b>			
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 1,447,304	\$ 993,852	\$ -	\$ 2,441,156
Cash received from other operations . . . . .	185	20,772	-	20,957
Cash payments for personal services . . . . .	(442,770)	(154,618)	-	(597,388)
Cash payments for contractual services . . . . .	(334,253)	(218,096)	-	(552,349)
Cash payments for materials and supplies . . . . .	(98,744)	(94,470)	-	(193,214)
Cash payments for other expenses . . . . .	(87)	(16,356)	-	(16,443)
Net cash provided by operating activities . . . . .	<u>571,635</u>	<u>531,084</u>	<u>-</u>	<u>1,102,719</u>
<b>Cash flows from capital and related financing activities:</b>				
Gain on sale of capital assets . . . . .	1,609	142	-	1,751
Acquisition of capital assets . . . . .	(182,092)	(3,077)	-	(185,169)
Principal retirement on OPWC loans . . . . .	(10,489)	(4,224)	-	(14,713)
Principal retirement on other loans . . . . .	-	(81,455)	-	(81,455)
Principal retirement on capital leases . . . . .	(446,092)	(356,003)	-	(802,095)
Interest and fiscal charges . . . . .	(48,045)	(43,225)	-	(91,270)
Capital contributions . . . . .	148,000	-	-	148,000
Net cash used in capital and related financing activities . . . . .	<u>(537,109)</u>	<u>(487,842)</u>	<u>-</u>	<u>(1,024,951)</u>
Net increase in cash and cash equivalents . . . . .	34,526	43,242	-	77,768
<b>Cash and cash equivalents at beginning of year . . .</b>	<u>259,218</u>	<u>282,645</u>	<u>442,858</u>	<u>984,721</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u>\$ 293,744</u>	<u>\$ 325,887</u>	<u>\$ 442,858</u>	<u>\$ 1,062,489</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income . . . . .	\$ 356,482	\$ 384,501	\$ -	\$ 740,983
Adjustments:				
Depreciation . . . . .	208,964	174,924	-	383,888
Changes in assets, deferred outflows of resources, liabilities and deferred outflows of resources:				
(Increase) decrease in materials and supplies inventory . . . . .	1,721	(1,531)	-	190
(Increase) decrease in accounts receivable . . . . .	3,901	(20,479)	-	(16,578)
(Increase) decrease in prepayments . . . . .	(256)	784	-	528
(Increase) in deferred outflows - pension - OPERS. . . . .	(17,162)	(5,637)	-	(22,799)
Increase in accounts payable . . . . .	1,285	384	-	1,669
Increase in contracts payable . . . . .	8,613	-	-	8,613
Increase in accrued wages and benefits . . . . .	2,684	85	-	2,769
(Decrease) in intergovernmental payable . . . . .	(1,641)	(1,663)	-	(3,304)
(Decrease) in compensated absences payable . . . . .	(1,122)	(1,527)	-	(2,649)
(Decrease) in vacation benefits payable . . . . .	(5,860)	(6,874)	-	(12,734)
Increase in customer deposits . . . . .	-	3,510	-	3,510
Increase in net pension liability . . . . .	7,484	2,458	-	9,942
Increase in deferred inflows - pension - OPERS. . . . .	6,542	2,149	-	8,691
Net cash provided by operating activities . . . . .	<u>\$ 571,635</u>	<u>\$ 531,084</u>	<u>\$ -</u>	<u>\$ 1,102,719</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**CITY OF BELPRE, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2015

	<u>Agency</u>
<b>Assets:</b>	
Cash and cash equivalents in segregated accounts. . . . .	\$ 4,169
Total assets . . . . .	<u>\$ 4,169</u>
<b>Liabilities:</b>	
Intergovernmental payable . . . . .	\$ 4,169
Total liabilities. . . . .	<u>\$ 4,169</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

**This page intentionally left blank.**

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

#### NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Belpre (the "City") is a home-rule municipal corporation, incorporated under the laws of the State of Ohio. The City is organized as a Mayor/Council form of government. Located in the southern part of Washington County, Belpre became a city in 1961. The Mayor, Auditor, Treasurer, and Law Director, all with four year terms, and an eight member Council, with two year terms, are elected. Department directors and public members of various boards and commissions are appointed by the Mayor.

##### *Reporting Entity*

A reporting entity consists of the primary government, component units, and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Belpre, this includes various services including police protection, recreation (including parks), planning and zoning, street maintenance and repair, sanitation, water and sewer, and general administrative services. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City participates in the Community Action Program Corporation of Washington-Morgan Counties, Ohio, and the Wood, Washington, Wirt Planning Commission and the Regional Income Tax Agency, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 18.

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

The financial statements of the City of Belpre have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the City's accounting policies are described below.

##### **A. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

***Government-wide Financial Statements***-The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

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

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

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

#### **B. Fund Accounting**

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

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

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

**Street Fund** - The Street Fund is used to account for the portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance of streets within the City.

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

**Proprietary Funds** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The City's proprietary funds are all classified as enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

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

**Sewer Fund** - The Sewer Fund is used to account for the revenues generated from the charges for sanitary sewer services provided to the residential and commercial users of the City.

**Water Fund** - The Water Fund is used to account for the revenues generated from the charges for distribution of water to the residential and commercial users of the City.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. There are four categories of fiduciary funds; pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds. The City's agency funds account for payroll activity, pass-thru activity, and mayor's court collections that are distributed to various local governments.

#### C. Measurement Focus

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenditures) in total net position.

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

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

#### D. Basis of Accounting

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

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 8). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied (See Note 8). Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from a nonexchange transaction must also be available before it can be recognized.

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

**Deferred Outflows of Resources and Deferred Inflows of Resources -** In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources have been reported for the following items related to the City's net pension liability: (1) the net difference between projected and actual investment earnings on pension plan assets, (2) the City's contributions to the pension systems subsequent to the measurement date and (3) differences between employer's contributions and the employer's proportional share of contributions.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2015, but which were levied to finance 2016 operations.

These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

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

The City also reports deferred inflow of resources for the following items related to the City's net pension liability: (1) differences between expected and actual experience and (2) differences between employer's contributions and the employer's proportional share of contributions. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

#### E. Budget Process

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

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

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

#### F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool except for funds from the Mayor's Court, which is reported separately in cash and cash equivalents in segregated accounts. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City had no investments at December 31, 2015.

Following the Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the General Fund and Street and State Highway Special Revenue Funds. Interest revenue credited to the General Fund during 2015 amounted to \$15,684, which includes \$8,123 assigned from other City funds.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

#### **G. Inventory**

Inventories of all funds are stated at cost which is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types and as expenses in the proprietary fund type.

#### **H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2015, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

#### **I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents set aside for repayment of deposits to utility customers. Unclaimed monies that are required to be held for five years before they may be utilized by the City are reported as restricted in the General Fund.

#### **J. Capital Assets**

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market value as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of City streets, street signs, traffic signals, and water and sewer systems. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	20 - 50 years	20 - 50 years
Machinery and Equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	8 years
Infrastructure	30 years	50 - 65 years

The City’s infrastructure consists of City streets, street signs, traffic signals, and water and sewer systems and includes infrastructure acquired prior to December 31, 1980.

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as “vacation benefits payable”. The balances are to be used by employees in the year following the year in which the benefit was earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten year years of service.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

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

##### M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of 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 expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

##### N. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

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

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

#### **O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer and water utility services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting the definition are reported as non-operating.

#### **P. Contributions of Capital**

Contributions of capital in the governmental activities and the proprietary fund financial statements can arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. The City received contributions of capital in the sewer fund for the lift station project during 2015.

#### **Q. Internal Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

#### **R. Estimates**

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

#### **S. Pensions**

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 3-ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles/Restatement of Net Position**

For 2015, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the City's pension plan disclosures, as presented in Note 15 to the financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities and business-type activities at January 1, 2015 have been restated as follows:

	<u>Governmental Activities</u>		
Net position as previously reported	\$ 13,220,335		
Deferred outflows - payments subsequent to measurement date	200,164		
Net pension liability	<u>(1,979,788)</u>		
Restated net position at January 1, 2015	<u>\$ 11,440,711</u>		
	<u>Business-Type Activities</u>	<u>Sewer Fund</u>	<u>Water Fund</u>
Net position as previously reported	\$ 11,420,848	\$ 5,651,069	\$ 5,326,921
Deferred outflows - payments subsequent to measurement date	52,292	39,363	12,929
Net pension liability	<u>(430,225)</u>	<u>(323,854)</u>	<u>(106,371)</u>
Restated net position at January 1, 2015	<u>\$ 11,042,915</u>	<u>\$ 5,366,578</u>	<u>\$ 5,233,479</u>

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on governmental fund balances.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General Fund and Street 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the General Fund and Street Fund:

**Net Change in Fund Balance**

	General Fund	Street Fund
Budget basis	\$ (247,022)	\$ 52,661
Net adjustment for revenue accruals	19,703	3,629
Net adjustment for expenditure accruals	(25,274)	(6,874)
Net adjustment for other financing sources/(uses)	-	-
Net adjustment for fund reclassification	(23,358)	-
GAAP basis	<u>\$ (275,951)</u>	<u>\$ 49,416</u>

Certain funds that are legally budgeted in separate special revenue and capital projects funds are considered part of the general fund on a GAAP basis.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 5 - FUND BALANCES**

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

Fund balance	General	Street	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 3,007	\$ 5,140	\$ -	\$ 8,147
Prepays	17,803	4,801	-	22,604
Total nonspendable	<u>20,810</u>	<u>9,941</u>	<u>-</u>	<u>30,751</u>
Restricted:				
Street improvements	-	163,077	149,216	312,293
Community development	-	-	17,656	17,656
Law enforcement	-	-	12,120	12,120
Pool improvements	-	-	2,676	2,676
Parks and recreation	-	-	9,868	9,868
Mayor's Court	-	-	39,728	39,728
Unclaimed monies	5,008	-	-	5,008
Issue II improvements	-	-	4,205	4,205
Total restricted	<u>5,008</u>	<u>163,077</u>	<u>235,469</u>	<u>403,554</u>
Committed:				
Swimming pool operations	-	-	24,787	24,787
Total committed	<u>-</u>	<u>-</u>	<u>24,787</u>	<u>24,787</u>
Assigned:				
Subsequent year appropriations	562,626	-	-	562,626
Total assigned	<u>562,626</u>	<u>-</u>	<u>-</u>	<u>562,626</u>
Unassigned	747,362	-	-	747,362
Total fund balances	<u><u>\$ 1,335,806</u></u>	<u><u>\$ 173,018</u></u>	<u><u>\$ 260,256</u></u>	<u><u>\$ 1,769,080</u></u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City Auditor 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above;
7. The State Treasurer's investment pool (STAR Ohio); and,
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

1. Bonds of the State of Ohio;

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$2,494,252 and the bank balance was \$2,554,630. Of the bank balance, \$402,179 was covered by Federal depository insurance; \$2,152,451 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all 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.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**NOTE 7 - INTERFUND ACTIVITY**

Interfund transfers during 2015 consisted of the following:

Transfers to	Transfers from General
Street Fund	\$ 227,000
Nonmajor Special Revenue Funds	35,000
Total Transfers	\$ 262,000

Generally, transfers are used to move revenues from the fund that Statute or budget requires to collect them to the fund that Statute or budget requires to expend them; to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to segregate money for anticipated capital projects.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

#### NOTE 7 - INTERFUND ACTIVITY (Continued)

The transfers from the General Fund to the Street Fund and the Swimming Pool nonmajor Special Revenue Fund were made to supplement any revenue shortfalls.

Internal fund balances between governmental funds are eliminated on the government-wide financial statements; therefore no internal balances at December 31, 2015 are reported on the statement of net position. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

#### NOTE 8 - RECEIVABLES

Receivables at December 31, 2015, consisted of municipal income tax, property taxes, interest, accounts (billings for user charged services including unbilled utility services), and intergovernmental receivables arising from entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

##### A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Belpre. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2015 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2015 operations and the collection of delinquent taxes has been offset by deferred inflows of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is reported as a deferred inflow of resources.

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**NOTE 8 - RECEIVABLES - (Continued)**

The full tax rate for all City operations for the year ended December 31, 2015 was \$3.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2015 property tax receipts were based are as follows:

Real Property	\$ 106,935,660
Public Utility Tangible Property	<u>3,770,180</u>
Total Assessed Value	<u><u>\$ 110,705,840</u></u>

**B. Income Taxes**

The City levies a municipal income tax of one percent on substantially all earned income arising from employment or business activities within the City as well as income of residents earned outside of the City.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are distributed to the General Fund.

**C. Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
Local Government	49,400
Gasoline and Excise Tax	126,407
Motor Vehicle License Tax	29,276
Rollback and Homestead	26,176
Permissive Tax	3,854
Miscellaneous	<u>6,460</u>
	<u><u>\$241,573</u></u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2015, was as follows:

<b>Governmental Activities:</b>	Balance 12/31/14	Increases	Decreases	Balance 12/31/15
Capital Assets not being Depreciated:				
Land	\$ 2,727,575	\$ -	\$ -	\$ 2,727,575
Construction in Progress	80,000	31,699	(111,699)	-
Total Capital Assets not being Depreciated	<u>2,807,575</u>	<u>31,699</u>	<u>(111,699)</u>	<u>2,727,575</u>
Capital Assets being Depreciated:				
Buildings and Improvements	4,811,118	127,679	-	4,938,797
Machinery and Equipment	1,147,957	85,964	-	1,233,921
Vehicles	2,269,077	31,751	-	2,300,828
City Streets	21,263,638	-	-	21,263,638
Street Signals	698,289	-	-	698,289
Total Capital Assets being Depreciated	<u>30,190,079</u>	<u>245,394</u>	<u>-</u>	<u>30,435,473</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,899,326)	(80,071)	-	(1,979,397)
Machinery and Equipment	(757,300)	(85,975)	-	(843,275)
Vehicles	(1,895,510)	(121,268)	-	(2,016,778)
City Streets	(16,704,825)	(721,560)	-	(17,426,385)
Street Signals	(506,651)	(23,276)	-	(529,927)
Total Accumulated Depreciation	<u>(21,763,612)</u>	<u>(1,032,150)</u>	<u>-</u>	<u>(22,795,762)</u>
Total Capital Assets being Depreciated, Net	<u>8,426,467</u>	<u>(786,756)</u>	<u>-</u>	<u>7,639,711</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,234,042</u>	<u>\$ (755,057)</u>	<u>\$ (111,699)</u>	<u>\$ 10,367,286</u>

Depreciation expense was charged to governmental programs as follows:

General Government	\$46,383
Security of Persons and Property:	
Police	59,560
Fire	80,711
Transportation	766,659
Leisure Time Activities:	
Senior Center	12,242
Parks	36,867
Pool	29,728
Total Depreciation Expense	<u>\$1,032,150</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Business-type activity for the year ended December 31, 2015, was as follows:

<b>Business-Type Activities:</b>	<u>Balance 12/31/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/15</u>
Capital Assets not being Depreciated:				
Land	\$ 242,194	\$ -	\$ -	\$ 242,194
Construction in Progress	-	152,350	-	152,350
Total Capital Assets not being Depreciated	<u>242,194</u>	<u>152,350</u>	<u>-</u>	<u>394,544</u>
Capital Assets being Depreciated:				
Buildings and Improvements	761,774	-	-	761,774
Machinery and Equipment	1,570,663	32,819	-	1,603,482
Vehicles	129,610	-	-	129,610
Infrastructure	16,757,363	-	-	16,757,363
Total Capital Assets being Depreciated	<u>19,219,410</u>	<u>32,819</u>	<u>-</u>	<u>19,252,229</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(307,338)	(15,630)	-	(322,968)
Machinery and Equipment	(1,091,999)	(80,094)	-	(1,172,093)
Vehicles	(107,168)	(6,704)	-	(113,872)
Infrastructure	(4,945,771)	(281,460)	-	(5,227,231)
Total Accumulated Depreciation	<u>(6,452,276)</u>	<u>(383,888)</u>	<u>-</u>	<u>(6,836,164)</u>
Total Capital Assets being Depreciated, Net	<u>12,767,134</u>	<u>(351,069)</u>	<u>-</u>	<u>12,416,065</u>
Business-Type Activities Capital Assets, Net	<u>\$ 13,009,328</u>	<u>\$ (198,719)</u>	<u>\$ -</u>	<u>\$ 12,810,609</u>

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE**

In previous years, the City entered into a capitalized lease for energy and pool improvements. Capital lease payments have been reclassified and are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. The City made principal payments during 2015 of \$144,218 in the governmental activities and \$802,095 in the business-type activities.

The assets constructed through the capital lease are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property under Capital Lease	\$1,337,675	\$7,503,557
Less Accumulated Depreciation	<u>(206,071)</u>	<u>(1,067,812)</u>
Total at December 31, 2014	<u>\$1,131,604</u>	<u>\$6,435,745</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2015:

Year Ending December 31,	Governmental Activities	Business-Type Activities	Total
2016	\$ 159,065	\$ 884,670	\$ 1,043,735
2017	119,299	663,503	782,802
Total Minimum Lease Payments	278,364	1,548,173	1,826,537
Less: Amount Representing Interest	(11,202)	(62,301)	(73,503)
Present Value of Net Minimum Lease Payments	<u>\$ 267,162</u>	<u>\$ 1,485,872</u>	<u>\$ 1,753,034</u>

**NOTE 11 - LEASE PURCHASE OBLIGATION - LESSEE DISCLOSURE**

During 2014, the City entered into a lease purchase agreement in the amount of \$111,699 to finance HVAC improvements to the City building. Funds were held in escrow and disbursed directly to the vendors. During 2015, \$31,699 was released to vendors and the escrow account was closed. Capital assets of \$111,699 have been reported in buildings and improvements of the governmental activities at December 31, 2015.

Lease purchase payments have been reclassified and are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. The City made principal payments during 2015 of \$21,038 in the governmental activities.

The following is a schedule of the future long-term minimum lease payments required under the lease purchase agreement and the present value of the minimum lease payments as of December 31, 2015:

Year Ending December 31,	Governmental Activities
2016	\$ 24,137
2017	24,137
2018	24,137
2019	22,125
Total Minimum Lease Payments	94,536
Less: Amount Representing Interest	(5,599)
Present Value of Net Minimum Lease Payments	<u>\$ 88,937</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 12 - LONG-TERM OBLIGATIONS**

The long-term obligations have been restated as described in Note 3. A schedule of changes in long-term obligations of the City during 2015 follows:

	Restated Balance 12/31/14	Additions	Retirements	Balance 12/31/15	Amounts Due in One Year
<b>Governmental Activities:</b>					
Capital Lease - 4.15%	\$ 411,380	\$ -	\$ (144,218)	\$ 267,162	\$ 150,297
Lease Purchase - 3.087%	109,975	-	(21,038)	88,937	21,697
Ambulance Loan - 3.25%	47,179	-	(31,194)	15,985	15,985
Police Pension	17,702	-	(558)	17,144	582
Net Pension Liability	1,979,788	92,308	-	2,072,096	-
Compensated Absences	36,180	31,670	(36,180)	31,670	-
<b>Total Governmental Activities</b>	<b>\$ 2,602,204</b>	<b>\$ 123,978</b>	<b>\$ (233,188)</b>	<b>\$ 2,492,994</b>	<b>\$ 188,561</b>
<b>Business-Type Activities:</b>					
OPWC Loans:					
Water Well - 2%	\$ 33,824	\$ -	\$ (4,224)	\$ 29,600	\$ 4,309
Wastewater Treatment Plant - 2%	108,597	-	(10,489)	98,108	10,699
<b>Total OPWC Loans</b>	<b>142,421</b>	<b>-</b>	<b>(14,713)</b>	<b>127,708</b>	<b>15,008</b>
Other Loans:					
Water Lines Loan - 3.75%	37,262	-	(26,094)	11,168	11,168
Water Tank Loan, 2014 - 3.99%	147,710	-	(55,361)	92,349	57,633
<b>Total Other Loans</b>	<b>184,972</b>	<b>-</b>	<b>(81,455)</b>	<b>103,517</b>	<b>68,801</b>
Capital Lease	2,287,967	-	(802,095)	1,485,872	835,903
Net Pension Liability	430,225	9,942	-	440,167	-
Compensated Absences	11,625	8,976	(11,625)	8,976	-
<b>Total Business-Type Activities</b>	<b>\$ 3,057,210</b>	<b>\$ 18,918</b>	<b>\$ (909,888)</b>	<b>\$ 2,166,240</b>	<b>\$ 919,712</b>

The police pension is paid from general property tax revenues from the General Fund. The police pension liability payments are reflected as program expenditures in the General Fund budgetary statement and principal and interest in the fund financial statements. Capital leases will be paid with energy savings from the General Fund and the Water and Sewer Enterprise Funds. The lease purchase agreement will be paid from the General Fund. Compensated absences for sick leave liabilities will be paid from the General Fund, Street Special Revenue Fund, and Sewer and Water Enterprise Funds. See Note 15 for details on the net pension liability

On June 20, 2012, the City was approved for a \$120,812 loan to finance the purchase of a new ambulance. The loan matures on June, 20, 2016.

The final draw on the Ohio Public Works Commission (OPWC) water well loan was received on September 18, 2000. The full amount of the loan was \$80,103 and was used for improvements to the water well. Charges for services in the Water Enterprise Fund will repay this obligation. The OPWC loan matures in 2024.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The final draw on the OPWC wastewater treatment plant loan was received in 2003. The full amount of the loan was \$207,000. On November 18, 1999, the City was approved for a \$1,023,600 loan for its portion of the Issue II treatment plant project. Since the treatment plant improvements were completed under budget, the City did not borrow the full amount of the approved loan. The amount borrowed was \$850,444. Charges for services in the Sewer Enterprise Fund will repay these obligations.

On May 23, 2012, the City was approved for a \$100,250 loan to finance installation of new water lines. Charges for services in the Water Enterprise Fund will repay this obligation. The loan matures on May 23, 2016.

On July 10, 2003, the City was approved for an \$850,000 loan to construct a new water storage tank. The first draws on the loan were not made until 2004. Since the project was completed under budget, the City did not borrow the full amount of the approved loan. The amount borrowed was \$646,484. In January 2014 the loan matured and a new loan in the amount of \$196,544 was issued, maturing on July 21, 2017. Charges for services in the Water Enterprise Fund will repay this obligation.

The City's overall legal debt margin was \$11,624,113 at December 31, 2015.

Principal and interest requirements to retire the ambulance loan at December 31, 2015, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 15,985	\$ 155	\$ 16,140

Principal and interest requirements to retire the police pension liability at December 31, 2015, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 582	\$ 723	\$ 1,305
2017	606	699	1,305
2018	632	673	1,305
2019	658	647	1,305
2020	686	619	1,305
2021 - 2025	3,890	2,635	6,525
2026 - 2030	4,783	1,742	6,525
2031 - 2035	5,307	614	5,921
	<u>\$ 17,144</u>	<u>\$ 8,352</u>	<u>\$ 25,496</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the OPWC loans at December 31, 2015, are as follows:

Year	Principal	Interest	Total
2016	\$ 15,008	\$ 2,480	\$ 17,488
2017	15,310	2,178	17,488
2018	15,618	1,871	17,489
2019	15,931	1,557	17,488
2020	16,252	1,236	17,488
2021 - 2025	49,589	1,867	51,456
	<u>\$ 127,708</u>	<u>\$ 11,189</u>	<u>\$ 138,897</u>

Principal and interest requirements to retire the water lines and water tank loans at December 31, 2015, are as follows:

Year	Water Lines Loan			Water Tank Loan		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 11,168	\$ 106	\$ 11,274	\$ 57,633	\$ 2,683	\$ 60,316
2017	-	-	-	34,716	468	35,184
	<u>\$ 11,168</u>	<u>\$ 106</u>	<u>\$ 11,274</u>	<u>\$ 92,349</u>	<u>\$ 3,151</u>	<u>\$ 95,500</u>

**NOTE 13 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2015, the City contracted with USI Midwest, LLC and insurance coverage is provided by the Public Entity Risk Services of Ohio (PERSO).

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the last three years. The various types of coverages, limits, and deductibles are as follows:

Type of Coverage	Limit	Aggregate	Deductible
<b>Property:</b>			
Blanket Building and Contents	\$26,510,766		\$1,000
<b>Liability:</b>			
General	1,000,000 per Occurrence	\$3,000,000	0
Public Officials Liability	1,000,000 per Occurrence	3,000,000	0
Law Enforcement	1,000,000 per Occurrence	3,000,000	2,000
<b>Vehicle:</b>			
Liability	3,000,000		0
Medical Expense	5,000		0

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

#### **NOTE 13 - RISK MANAGEMENT (Continued)**

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

#### **NOTE 14 - EMPLOYEE BENEFITS**

##### **A. Insurance**

The City provides life insurance and accidental death and dismemberment insurance for the union employees. The insurance is provided through the AFSCME Care Plan for AFSCME union members and through United Commercial Travelers for police personnel.

The City provides comprehensive major medical insurance for full time employees, other than police, through Medical Mutual and for police through the United Food & Commercial Worker's Union. The City pays 80% of the total monthly premium for the first plan and 94% of the monthly premium for the second plan. Premiums are paid from the same funds that pay the employees' salaries.

##### **B. Compensated Absences**

The criteria for determining vested sick leave are derived from negotiated agreements and State laws. Upon retirement, all employees with ten or more years of service with the City are paid twenty-five percent of their sick leave up to a maximum of 240 hours; however, union employees under the American Federation of State, County, and Municipal Employees with twenty or more years of service are paid twenty-five percent of their sick leave up to a maximum of 300 hours. Upon voluntary termination, death, or retirement, all employees will receive 100% of vacation earned for the current year and not previously taken.

#### **NOTE 15 - DEFINED BENEFIT PENSION PLANS**

##### ***Net Pension Liability***

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

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

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS’ Traditional Pension Plan.

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

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

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

	State and Local
<b>2015 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2015 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
 Employee	 10.0 %

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

The City's contractually required contribution was \$151,402 for 2015. Of this amount, \$6,139 is reported as intergovernmental payable.

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

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

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

	<u>Police</u>
<b>2015 Statutory Maximum Contribution Rates</b>	
Employer	19.50 %
Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %
<b>2015 Actual Contribution Rates</b>	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50 %</u>
Total Employer	<u><u>19.50 %</u></u>
Employee:	
January 1, 2015 through July 1, 2015	11.50 %
July 2, 2015 through December 31, 2015	12.25 %

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$100,338 for 2015. Of this amount \$4,286 is reported as intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2015, the specific liability of the City was \$17,144 payable in semi-annual payments through the year 2035.

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

The net pension liability for the OPERS Traditional Pension Plan was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 1,291,384	\$ 1,220,879	\$ 2,512,263
Proportion of the net pension liability	0.01070700%	0.02356720%	
Pension expense	\$ 139,177	\$ 119,173	\$ 258,350

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$ 68,904	\$ 52,619	\$ 121,523
Difference between employer contributions and proportionate share of contributions	-	330	330
City contributions subsequent to the measurement date	151,402	100,338	251,740
Total deferred outflows of resources	<u>\$ 220,306</u>	<u>\$ 153,287</u>	<u>\$ 373,593</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	22,687	-	22,687
Difference between employer contributions and proportionate share of contributions	2,810	-	2,810
Total deferred inflows of resources	<u>\$ 25,497</u>	<u>\$ -</u>	<u>\$ 25,497</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$251,740 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016.

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

Year Ending December 31:	OPERS	OP&F	Total
2016	\$ 5,461	\$ 13,238	\$ 18,699
2017	5,461	13,238	18,699
2018	15,259	13,238	28,497
2019	17,226	13,235	30,461
Total	\$ 43,407	\$ 52,949	\$ 96,356

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	3 percent, simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

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

The most recent experience study was completed for the five year period ended December 31, 2010.

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	19.90	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,375,776	\$ 1,291,384	\$ 378,064

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions – OP&F***

OP&F's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation date	January 1, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 percent and 3.00 percent

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

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

**NOTE 16 - POSTRETIREMENT BENEFIT PLANS**

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

\* levered 2x

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

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

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 1,688,661	\$ 1,220,879	\$ 824,811

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

#### NOTE 16 - POSTRETIREMENT BENEFIT PLANS

##### A. Ohio Public Employees Retirement System

Plan Description - 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 Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2015 was 2.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$25,234, \$26,237, and \$12,302, respectively; 96.52% has been contributed for 2015 and 100% has been contributed for 2014 and 2013. The remaining 2015 post-employment health care benefits liability has been reported as intergovernmental payable on the basic financial statements.

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 State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

#### NOTE 16 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

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

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

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OPF, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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 account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 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 into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the 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 which were allocated to fund post-employment healthcare benefits for police officers for the years ended December 31, 2015, 2014 and 2013 were \$2,712, \$2,589, and \$18,096 respectively. 100% has been contributed for 2014 and 2013. 95.84% has been contributed for police for 2015. The remaining 2015 post-employment health care benefits liability has been reported as intergovernmental payable on the basic financial statements.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015 (Continued)

#### NOTE 17 - CONTINGENT LIABILITIES

##### A. Litigation

The City is not party to any legal proceedings.

##### B. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. 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 18 - JOINTLY GOVERNED ORGANIZATIONS

##### A. Community Action Program Corporation of Washington-Morgan Counties, Ohio

The Community Action Program Corporation of Washington-Morgan Counties, Ohio, is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program; the Community Action Bus Line (CABL); the Child Development Program; the Senior Nutrition Program; Women, Infants and Children's Supplemental Nutrition Program; the Home Weatherization Assistance and Energy Program; the Job Training and Partnership Act Program; Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program; and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Belpre and Washington and Morgan Counties, provides administrative services to these governments in specific programs. During 2015, the Corporation did not receive any administrative fees from the City. These fees were received by the Corporation directly from the granting agencies. The continued existence of the Corporation is not dependent on the City's continued participation and the City does not have an equity interest in the Corporation.

##### B. Wood, Washington, and Wirt Planning Commission

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is composed of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives including the Mayor of the City of Belpre. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. During 2015, the City of Belpre contributed \$1,707. The continued existence of the Commission is not dependent on the City's continued participation and the City does not have an equity interest in the Commission.

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS**

**C. Regional Income Tax Agency (RITA)**

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose. The first official act of the RCOG was to form RITA. Today RITA serves as the income tax collection agency for 237 municipalities throughout the State of Ohio. The City began using RITA for its income tax collection effective January 1, 2012.

Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA.

**This page intentionally left blank.**

**CITY OF BELPRE, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>		
City's proportion of the net pension liability	0.010707%	0.010707%
City's proportionate share of the net pension liability	\$ 1,291,384	\$ 1,262,216
City's covered-employee payroll	\$ 1,278,467	\$ 1,230,738
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	101.01%	102.56%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	86.36%

Note: Information prior to 2013 was unavailable.

Amounts presented as of the City/County's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.

**CITY OF BELPRE, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	<u>2014</u>	<u>2013</u>
City's proportion of the net pension liability	0.02356720%	0.02356720%
City's proportionate share of the net pension liability	\$ 1,220,879	\$ 1,147,797
City's covered-employee payroll	\$ 521,263	\$ 517,904
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	234.22%	221.62%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	73.00%

Note: Information prior to 2013 was unavailable.

Amounts presented as of the City's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.

**This page intentionally left blank.**

**CITY OF BELPRE, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 151,402	\$ 153,416	\$ 159,996	\$ 121,533
Contributions in relation to the contractually required contribution	<u>(151,402)</u>	<u>(153,416)</u>	<u>(159,996)</u>	<u>(121,533)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,261,683	\$ 1,278,467	\$ 1,230,738	\$ 1,215,330
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	13.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 118,382	\$ 80,212	\$ 85,014	\$ 60,688	\$ 74,192	\$ 72,243
<u>(118,382)</u>	<u>(80,212)</u>	<u>(85,014)</u>	<u>(60,688)</u>	<u>(74,192)</u>	<u>(72,243)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,183,820	\$ 899,574	\$ 1,046,326	\$ 866,971	\$ 888,527	\$ 785,250
10.00%	8.92%	8.13%	7.00%	8.35%	9.20%

**CITY OF BELPRE, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>Police:</i>				
Contractually required contribution	\$ 100,338	\$ 99,040	\$ 79,982	\$ 61,054
Contributions in relation to the contractually required contribution	<u>(100,338)</u>	<u>(99,040)</u>	<u>(79,982)</u>	<u>(61,054)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 528,095	\$ 521,263	\$ 503,559	\$ 478,855
Contributions as a percentage of covered-employee payroll	19.00%	19.00%	15.88%	12.75%
 <i>Fire:</i>				
Contractually required contribution	\$ -	\$ -	\$ 2,902	\$ 5,708
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>(2,902)</u>	<u>(5,708)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ -	\$ -	\$ 14,237	\$ 33,090
Contributions as a percentage of covered-employee payroll	23.50%	23.50%	20.38%	17.25%

Note: The City made no contributions to fire for 2014 or 2015.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 54,550	\$ 70,101	\$ 76,428	\$ 74,518	\$ 60,404	\$ 59,158
<u>(54,550)</u>	<u>(70,101)</u>	<u>(76,428)</u>	<u>(74,518)</u>	<u>(60,404)</u>	<u>(59,158)</u>
<u>\$ -</u>					
\$ 427,843	\$ 549,812	\$ 599,435	\$ 584,455	\$ 473,757	\$ 503,472
12.75%	12.75%	12.75%	12.75%	12.75%	11.75%
\$ 5,579	\$ 5,427	\$ 6,457	\$ 7,154	\$ 5,981	\$ 6,083
<u>(5,579)</u>	<u>(5,427)</u>	<u>(6,457)</u>	<u>(7,154)</u>	<u>(5,981)</u>	<u>(6,083)</u>
<u>\$ -</u>					
\$ 32,342	\$ 31,461	\$ 37,432	\$ 41,472	\$ 34,672	\$ 36,316
17.25%	17.25%	17.25%	17.25%	17.25%	16.75%

**This page intentionally left blank.**



# 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 Belpre  
Washington County  
P.O. Box 160  
Belpre, Ohio 45714-0160

To the City 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 Belpre, Washington County, Ohio (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 7, 2016, wherein we noted the City adopted Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***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 opinion 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

June 7, 2016



# Dave Yost • Auditor of State

**CITY OF BELPRE**

**WASHINGTON 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  
JULY 7, 2016**