

**CITY OF BELPRE**  
WASHINGTON COUNTY

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

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





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Members of City Council  
City of Belpre  
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We have reviewed the *Independent Auditor's Report* of the City of Belpre, Washington County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Belpre is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 25, 2020

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**CITY OF BELPRE, OHIO**

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## Independent Auditor's Report

City of Belpre  
Washington County  
715 Park Drive  
Belpre, Ohio 45714

To the Members of Council and Mayor:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Belpre's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and EMS Levy 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 18 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the City of Belpre. 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 and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2020 on our consideration of the City of Belpre's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Belpre's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 29, 2020



## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

The discussion and analysis of the City of Belpre's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2019. 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 2019 are as follows:

In total, assets and deferred outflows increased \$1,465,370. Governmental activities increased \$682,788 from 2018's amount and the business-type activities experienced an increase of \$782,582.

In total, liabilities and deferred inflows of resources decreased \$79,042. Total liabilities and deferred inflows of resources of governmental activities decreased \$233,347 from 2018's amount. Total liabilities and deferred inflows of resources of business-type activities increased \$154,305.

In total, net position increased \$1,544,412. Net position of governmental activities increased \$916,135, while net position of business-type activities increased \$628,277 from 2018's net position.

#### **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 2019?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting 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.

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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

##### *Fund Financial Statements*

The basic governmental fund financial statements begin on page 16. 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, EMS Levy, 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.

##### ***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/asset and the net OPEB liability/asset.

**CITY OF BELPRE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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 2019 compared to 2018.

(Table 1)  
Net Position

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and Other Assets	\$ 3,140,799	\$ 3,318,995	\$ 3,114,131	\$ 2,420,144	\$ 6,254,930	\$ 5,739,139
Capital Assets, Net	7,538,369	7,213,091	11,579,102	11,641,969	19,117,471	18,855,060
<i>Total Assets</i>	<u>10,679,168</u>	<u>10,532,086</u>	<u>14,693,233</u>	<u>14,062,113</u>	<u>25,372,401</u>	<u>24,594,199</u>
<b>Deferred outflows of resources</b>						
Pension	1,027,063	492,314	303,557	157,439	1,330,620	649,753
OPEB	180,716	179,759	37,620	32,276	218,336	212,035
<i>Total deferred outflows of resources</i>	<u>1,207,779</u>	<u>672,073</u>	<u>341,177</u>	<u>189,715</u>	<u>1,548,956</u>	<u>861,788</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>11,886,947</u>	<u>11,204,159</u>	<u>15,034,410</u>	<u>14,251,828</u>	<u>26,921,357</u>	<u>25,455,987</u>
<b>Liabilities</b>						
Current and Other Liabilities	146,561	164,360	208,684	189,344	355,245	353,704
Long-term Liabilities:						
Due Within One Year	73,497	92,606	176,428	167,198	249,925	259,804
Net Pension Liability	3,581,796	2,413,753	1,021,321	593,500	4,603,117	3,007,253
Net OPEB Liability	944,358	1,963,247	452,692	383,415	1,397,050	2,346,662
Other Amounts	279,561	339,921	67,663	289,676	347,224	629,597
<i>Total Liabilities</i>	<u>5,025,773</u>	<u>4,973,887</u>	<u>1,926,788</u>	<u>1,623,133</u>	<u>6,952,561</u>	<u>6,597,020</u>
<b>Deferred inflows of resources</b>						
Property Taxes Levied for The Next Fiscal Year	635,100	572,200	-	-	635,100	572,200
Pension	128,804	424,264	23,520	148,076	152,324	572,340
OPEB	145,747	198,420	8,520	33,314	154,267	231,734
<i>Total Deferred Inflows Of Resources</i>	<u>909,651</u>	<u>1,194,884</u>	<u>32,040</u>	<u>181,390</u>	<u>941,691</u>	<u>1,376,274</u>
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>5,935,424</u>	<u>6,168,771</u>	<u>1,958,828</u>	<u>1,804,523</u>	<u>7,894,252</u>	<u>7,973,294</u>
<b>Net Position</b>						
Net Investment in Capital Assets	7,257,441	7,090,277	11,333,080	11,200,063	18,590,521	18,290,340
Restricted	472,912	703,905	158,501	143,289	631,413	847,194
Unrestricted (Deficit)	(1,778,830)	(2,758,794)	1,584,001	1,103,953	(194,829)	(1,654,841)
<i>Total Net Position</i>	<u>\$ 5,951,523</u>	<u>\$ 5,035,388</u>	<u>\$ 13,075,582</u>	<u>\$ 12,447,305</u>	<u>\$ 19,027,105</u>	<u>\$ 17,482,693</u>

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

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

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

**CITY OF BELPRE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Total governmental assets and deferred outflows of resources increased \$682,788 from 2018's amount. The largest increase was in pension related deferred outflows of resources. Capital assets decreased \$325,278 as a result of current year additions exceeding current year disposals and depreciation expense.

Total governmental liabilities and deferred inflows of resources decreased \$233,347 from 2018's amount. The net pension liability increased by \$1,168,043, and that contributed to long-term liabilities increasing by \$69,685 overall from 2018's amount.

For business-type activities, total assets and deferred outflows of resources increased \$782,582 from 2018's amount. While equity in pooled cash and cash equivalents increased \$750,888, capital assets decreased by \$62,867. Total liabilities and deferred inflows of resources increased \$154,305 from 2018's amount.

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**CITY OF BELPRE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

The following table shows the changes in net position for 2019 and 2018.

(Table 2)  
Changes in Net Position

	Governmental Activities 2019	Business- Type Activities 2019	Total 2019	Governmental Activities 2018	Business- Type Activities 2018	Total 2018
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,335,644	\$ 2,769,176	\$ 4,104,820	\$ 1,302,550	\$ 2,696,032	\$ 3,998,582
Operating Grants, Contributions and Interest	705,799	-	705,799	377,497	-	377,497
Capital Grants and Contributions	-	49,669	49,669	-	-	-
<b>Total Program Revenues</b>	<b>2,041,443</b>	<b>2,818,845</b>	<b>4,860,288</b>	<b>1,680,047</b>	<b>2,696,032</b>	<b>4,376,079</b>
<b>General Revenues</b>						
Property Taxes	607,617	-	607,617	605,519	-	605,519
Income Tax	1,594,454	-	1,594,454	1,622,805	-	1,622,805
Franchise Tax	112,993	-	112,993	113,339	-	113,339
Grants and Entitlements	142,804	-	142,804	166,025	14,404	180,429
Interest	61,101	-	61,101	42,712	-	42,712
Donations	4,612	-	4,612	5,084	-	5,084
Other	73,355	67,285	140,640	68,481	40,873	109,354
<b>Total General Revenues</b>	<b>2,596,936</b>	<b>67,285</b>	<b>2,664,221</b>	<b>2,623,965</b>	<b>55,277</b>	<b>2,679,242</b>
<b>Total Revenues</b>	<b>4,638,379</b>	<b>2,886,130</b>	<b>7,524,509</b>	<b>4,304,012</b>	<b>2,751,309</b>	<b>7,055,321</b>
<b>Program Expenses</b>						
General Government	754,801	-	754,801	718,140	-	718,140
Security of Persons and Property:						
Police	571,105	-	571,105	1,613,506	-	1,613,506
Fire	315,968	-	315,968	247,681	-	247,681
Public Health Services	790,230	-	790,230	847,669	-	847,669
Transportation	957,974	-	957,974	1,379,517	-	1,379,517
Leisure Time Activities:						
Senior Center	90,982	-	90,982	105,273	-	105,273
Parks	148,956	-	148,956	145,671	-	145,671
Pool	79,272	-	79,272	89,862	-	89,862
Interest and Fiscal Charges	12,956	-	12,956	6,228	-	6,228
Sewer	-	1,415,059	1,415,059	-	1,454,856	1,454,856
Water	-	842,794	842,794	-	806,081	806,081
<b>Total Program Expenses</b>	<b>3,722,244</b>	<b>2,257,853</b>	<b>5,980,097</b>	<b>5,153,547</b>	<b>2,260,937</b>	<b>7,414,484</b>
<b>Increase (Decrease) in Net Position</b>	<b>916,135</b>	<b>628,277</b>	<b>1,544,412</b>	<b>(849,535)</b>	<b>490,372</b>	<b>(359,163)</b>
<b>Net Position Beginning of Year</b>	<b>5,035,388</b>	<b>12,447,305</b>	<b>17,482,693</b>	<b>5,884,923</b>	<b>11,956,933</b>	<b>17,841,856</b>
<b>Net Position End of Year</b>	<b>\$ 5,951,523</b>	<b>\$ 13,075,582</b>	<b>\$ 19,027,105</b>	<b>\$ 5,035,388</b>	<b>\$ 12,447,305</b>	<b>\$ 17,482,693</b>

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

#### ***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 37.45 percent of all revenues in the governmental activities.

Income tax collections experienced a decrease of \$28,351. The City began using the Regional Income Tax (RITA) for its income tax collection effective January 1, 2012 (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 23.83% of the governmental expenses. During 2019, expenses for police and fire operations amounted to \$571,105 and \$315,968, respectively. These activities are, for the most part, funded by the municipal income tax. The City experienced a large decrease in security of persons and property expense in 2019 due to a similar decrease in the City's net OPEB liability (see page 5). Because the net OPEB liability related to police and fire operations decreased considerably in 2019, the security of persons and property expense decreased as well. 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 25.74% 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 2019, program expenses for all water and sewer operations were exceeded by revenues by \$560,992.

#### **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 \$4,849,220 and expenditures of \$4,863,104. Revenues increased \$540,568 and expenditures increased \$668,126 compared to the prior year.

The fund balance of the General Fund increased \$164,502. Revenues increased \$184,851 from 2018 levels mainly due to an increase in income taxes of \$73,547 and an increase in charges for services revenues of \$82,128. Expenditures increased by \$88,318 remaining consistent with prior year amounts.

The fund balance of the EMS Levy Fund decreased \$299,155. Revenues increased \$16,494 from 2018 levels, and expenditures increased by \$381,659.

During 2019, the Sewer Fund had operating revenues of \$1,712,651 (\$1,670,973 in 2018) and operating expenses of \$1,407,810 (\$1,448,626 in 2018). The Water Fund had operating revenues of \$1,123,810 (\$1,065,932 in 2018) and operating expenses of \$842,533 (\$805,731 in 2018).



**CITY OF BELPRE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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 2019, the City's Original and Final Estimated Revenues and Other Financing Sources were both \$3,288,502. Appropriations were increased \$156,076. 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 \$623,407, which is \$331,645 greater than the final budgeted amount. The City received \$275,262 greater in revenues than anticipated partly explained by an increase in income taxes and charges for services. The City also cut actual expenditures by \$54,933, reducing amounts primarily in general government, fire and public health and welfare programs.

**Capital Assets and Debt Administration**

(Table 3)  
Capital Assets at December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,727,575	\$ 2,727,575	\$ 242,194	\$ 242,194	\$ 2,969,769	\$ 2,969,769
Construction in Progress	-	217,422	-	208,858	-	426,280
Buildings and Improvements	2,458,242	2,561,275	141,149	150,978	2,599,391	2,712,253
Machinery and Equipment	171,274	196,239	577,544	300,393	748,818	496,632
Vehicles	797,648	165,678	66,315	1,097	863,963	166,775
Infrastructure:						
City Streets	1,250,238	1,203,850	-	-	1,250,238	1,203,850
Street Signals	133,392	141,052	-	-	133,392	141,052
Sewer System	-	-	5,438,819	5,584,441	5,438,819	5,584,441
Water System	-	-	5,113,081	5,154,008	5,113,081	5,154,008
<b>Totals</b>	<b>\$ 7,538,369</b>	<b>\$ 7,213,091</b>	<b>\$ 11,579,102</b>	<b>\$ 11,641,969</b>	<b>\$ 19,117,471</b>	<b>\$ 18,855,060</b>

The capital assets of the City are reported at historical cost, net of depreciation. The City's major additions were for vehicles in 2019. For governmental activities, the vehicle additions consist primarily of a fire truck, bucket truck, and a Ford F450 for the Street Department. The business-type construction vehicle consisted of a Ford F350 for the Water Fund.

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

**CITY OF BELPRE, OHIO**

MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

The following table shows the outstanding debt obligations as of December 31, 2019 and 2018.

(Table 4)  
Outstanding Debt at December 31, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
OPWC Loans	\$ -	\$ -	\$ 65,841	\$ 151,276	\$ 65,841	\$ 151,276
OWDA Loan	-	-	83,387	151,276	83,387	151,276
Generator Loan	-	-	84,955	217,168	84,955	217,168
Fire Truck Loan	280,928	351,089	-	-	280,928	351,089
Lease Purchase	-	21,787	-	-	-	21,787
Police Pension Liability	14,666	15,324	-	-	14,666	15,324
<b>Totals</b>	<b>\$ 295,594</b>	<b>\$ 388,200</b>	<b>\$ 234,183</b>	<b>\$ 519,720</b>	<b>\$ 529,777</b>	<b>\$ 907,920</b>

The City had no bond issues outstanding but had a police pension liability, various loans payable and a lease purchase agreement at December 31, 2019, totaling \$529,777, of which \$249,925 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 long-term loan outstanding for a water tank and an OWDA loan.

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

**Current Financial Related Activities**

Several businesses have broken ground or renovated existing structures in the last 5 years including First Settlement Physical Therapy, Miller Orthopedics, Citizens Bank, Taco Bell, Boxers Bed & Biscuits and Bob’s Market and Greenhouses. New businesses opening in 2019 include Smiles on the Boulevard Dentistry and Burger King. This growth demonstrates a positive business environment in our community with opportunities available for more development.

The city is committed to improving the safety and health of our residents. Belpre worked with the City of Marietta to merge Health Department operations and improve services to both communities. The health department nurses now visit the city on the 1<sup>st</sup> and 3<sup>rd</sup> Wednesday of each month from 8 am until 12 pm.

The City of Belpre was pleased to welcome Marietta Memorial Health System in 2011. They have continued to grow and now include an emergency room, several doctor’s offices, outpatient facilities, and a restaurant that serves breakfast and lunch. They began construction on a new facility in 2019 and we look forward to this expansion. These new jobs and services have increased the tax base and customer traffic in the community.

The Belpre Area Chamber of Commerce Economic Development committee is working hard to attract business to our community and will be assisting the city with a comprehensive development plan. The city has contracted this important work with Burton Planning Services located in Westerville, OH.

The City of Belpre contracted with Tiano-Knopp Associates to explore grant opportunities for the city. The Mayor continues to offer guidance to them on specific needs in the community.

**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.

**CITY OF BELPRE, OHIO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2019**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 1,237,256	\$ 2,851,731	\$ 4,088,987
Cash and cash equivalents in segregated accounts . . . . .	5,904	-	5,904
Cash with fiscal and escrow agents . . . . .	275,726	-	275,726
Receivables:			
Income taxes. . . . .	550,074	-	550,074
Property taxes . . . . .	647,480	-	647,480
Accounts. . . . .	118,086	237,701	355,787
Intergovernmental . . . . .	220,882	-	220,882
Materials and supplies inventory. . . . .	61,316	11,646	72,962
Prepayments . . . . .	24,075	13,053	37,128
Capital assets:			
Non-depreciable capital assets . . . . .	2,727,575	242,194	2,969,769
Depreciable capital assets, net . . . . .	4,810,794	11,336,908	16,147,702
Total capital assets, net. . . . .	<u>7,538,369</u>	<u>11,579,102</u>	<u>19,117,471</u>
Total assets. . . . .	<u>10,679,168</u>	<u>14,693,233</u>	<u>25,372,401</u>
<b>Deferred outflows of resources:</b>			
Pension . . . . .	1,027,063	303,557	1,330,620
OPEB. . . . .	180,716	37,620	218,336
Total deferred outflows of resources . . . . .	<u>1,207,779</u>	<u>341,177</u>	<u>1,548,956</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	46,402	13,952	60,354
Accrued wages and benefits payable . . . . .	68,736	22,677	91,413
Intergovernmental payable . . . . .	16,064	7,308	23,372
Accrued interest payable . . . . .	-	1,068	1,068
Vacation benefits payable. . . . .	15,359	5,178	20,537
Customer deposits payable . . . . .	-	158,501	158,501
Long-term liabilities:			
Due within one year . . . . .	73,497	176,428	249,925
Due in more than one year:			
Net pension liability . . . . .	3,581,796	1,021,321	4,603,117
Net OPEB liability . . . . .	944,358	452,692	1,397,050
Other amounts due in more than one year. . . . .	279,561	67,663	347,224
Total liabilities . . . . .	<u>5,025,773</u>	<u>1,926,788</u>	<u>6,952,561</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . .	635,100	-	635,100
Pension . . . . .	128,804	23,520	152,324
OPEB. . . . .	145,747	8,520	154,267
Total deferred inflows of resources . . . . .	<u>909,651</u>	<u>32,040</u>	<u>941,691</u>
<b>Net position:</b>			
Net investment in capital assets. . . . .	7,257,441	11,333,080	18,590,521
Restricted for:			
Capital projects . . . . .	4,881	-	4,881
Street improvements . . . . .	217,412	-	217,412
Community development programs . . . . .	28,027	-	28,027
Law enforcement . . . . .	26,181	-	26,181
Parks and recreation . . . . .	9,868	-	9,868
Mayor's court. . . . .	29,015	-	29,015
Unclaimed monies . . . . .	7,652	-	7,652
Customer deposits . . . . .	149,876	158,501	308,377
Unrestricted. . . . .	<u>(1,778,830)</u>	<u>1,584,001</u>	<u>(194,829)</u>
Total net position . . . . .	<u>\$ 5,951,523</u>	<u>\$ 13,075,582</u>	<u>\$ 19,027,105</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government. . . . .	\$ 754,801	\$ 219,164	\$ -	\$ -
Security of persons and property				
Police. . . . .	571,105	86,729	-	-
Fire . . . . .	315,968	65,246	16,272	-
Public health and welfare . . . . .	790,230	900,792	-	-
Transportation. . . . .	957,974	31,590	689,527	-
Leisure time activities:				
Senior center . . . . .	90,982	-	-	-
Parks . . . . .	148,956	-	-	-
Pool . . . . .	79,272	32,123	-	-
Interest and fiscal charges . . . . .	12,956	-	-	-
<b>Total governmental activities. . . . .</b>	<b>3,722,244</b>	<b>1,335,644</b>	<b>705,799</b>	<b>-</b>
<b>Business-type activities:</b>				
Sewer. . . . .	1,415,059	1,704,772	-	-
Water. . . . .	842,794	1,064,404	-	49,669
<b>Total business-type activities . . . . .</b>	<b>2,257,853</b>	<b>2,769,176</b>	<b>-</b>	<b>49,669</b>
<b>Total primary government. . . . .</b>	<b>\$ 5,980,097</b>	<b>\$ 4,104,820</b>	<b>\$ 705,799</b>	<b>\$ 49,669</b>

**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 . . . . .

Total general revenues . . . . .

Change in net position . . . . .

**Net position at beginning of year . . . . .**

**Net position at end of year. . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (535,637)	\$ -	\$ (535,637)
(484,376)	-	(484,376)
(234,450)	-	(234,450)
110,562	-	110,562
(236,857)	-	(236,857)
(90,982)	-	(90,982)
(148,956)	-	(148,956)
(47,149)	-	(47,149)
(12,956)	-	(12,956)
<u>(1,680,801)</u>	<u>-</u>	<u>(1,680,801)</u>
-	289,713	289,713
-	271,279	271,279
<u>-</u>	<u>560,992</u>	<u>560,992</u>
<u>(1,680,801)</u>	<u>560,992</u>	<u>(1,119,809)</u>
607,617	-	607,617
1,594,454	-	1,594,454
112,993	-	112,993
142,804	-	142,804
61,101	-	61,101
4,612	-	4,612
73,355	67,285	140,640
<u>2,596,936</u>	<u>67,285</u>	<u>2,664,221</u>
916,135	628,277	1,544,412
<u>5,035,388</u>	<u>12,447,305</u>	<u>17,482,693</u>
<u>\$ 5,951,523</u>	<u>\$ 13,075,582</u>	<u>\$ 19,027,105</u>

**CITY OF BELPRE, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019

	<u>General</u>	<u>EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 893,781	\$ 140,740	\$ 195,083	\$ 1,229,604
Cash and cash equivalents in segregated accounts. . . . .	5,307	-	597	5,904
Cash with fiscal and escrow agents. . . . .	-	-	275,726	275,726
Receivables:				
Income taxes. . . . .	550,074	-	-	550,074
Property taxes . . . . .	431,144	216,336	-	647,480
Accounts. . . . .	118,086	-	-	118,086
Intergovernmental . . . . .	63,509	5,000	152,373	220,882
Interfund loans. . . . .	90,000	-	-	90,000
Materials and supplies inventory. . . . .	6,723	-	54,593	61,316
Prepayments . . . . .	17,787	-	6,288	24,075
Restricted assets:				
Equity in pooled cash and cash equivalents . . .	7,652	-	-	7,652
Total assets . . . . .	<u>\$ 2,184,063</u>	<u>\$ 362,076</u>	<u>\$ 684,660</u>	<u>\$ 3,230,799</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 45,645	\$ -	\$ 757	\$ 46,402
Accrued wages and benefits payable . . . . .	60,371	-	8,365	68,736
Interfund loans payable. . . . .	-	-	90,000	90,000
Intergovernmental payable . . . . .	14,401	-	1,663	16,064
Total liabilities . . . . .	<u>120,417</u>	<u>-</u>	<u>100,785</u>	<u>221,202</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . .	422,900	212,200	-	635,100
Delinquent property tax revenue not available. . .	8,244	4,136	-	12,380
Miscellaneous revenue not available. . . . .	1,204	-	-	1,204
Income tax revenue not available . . . . .	382,240	-	-	382,240
Other nonexchange transactions. . . . .	39,335	5,000	72,966	117,301
Total deferred inflows of resources . . . . .	<u>853,923</u>	<u>221,336</u>	<u>72,966</u>	<u>1,148,225</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	24,510	-	60,881	85,391
Restricted. . . . .	7,652	140,740	449,781	598,173
Committed . . . . .	-	-	247	247
Assigned . . . . .	103,777	-	-	103,777
Unassigned . . . . .	1,073,784	-	-	1,073,784
Total fund balances. . . . .	<u>1,209,723</u>	<u>140,740</u>	<u>510,909</u>	<u>1,861,372</u>
Total liabilities, deferred inflows of resources and fund balances. . . . .	<u>\$ 2,184,063</u>	<u>\$ 362,076</u>	<u>\$ 684,660</u>	<u>\$ 3,230,799</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, 2019

<b>Total governmental fund balances</b>		\$	1,861,372
<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.			7,538,369
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	382,240	
Real and other taxes receivable		12,380	
Accounts receivable		1,204	
Intergovernmental receivable		117,301	
Total		117,301	513,125
Vacation is accrued on the statement of net position, whereas in the funds, vacation leave expenditures are reported when taken.			(15,359)
The net pension liability is not available to pay for current period expenditures and is not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		1,027,063	
Deferred inflows of resources		(128,804)	
Net pension liability		(3,581,796)	
Total		(3,581,796)	(2,683,537)
The net OPEB liability is not available to pay for current period expenditures and are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		180,716	
Deferred inflows of resources		(145,747)	
Net OPEB liability		(944,358)	
Total		(944,358)	(909,389)
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		(57,464)	
Police pension liability		(14,666)	
Loans payable		(280,928)	
Total		(353,058)	(353,058)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>5,951,523</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, 2019

	<b>General</b>	<b>EMS Levy</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,726,468	\$ -	\$ -	\$ 1,726,468
Property and Other Taxes. . . . .	417,034	214,613	35,789	667,436
Charges for services. . . . .	1,181,874	-	32,123	1,213,997
Licenses and permits . . . . .	120,985	-	-	120,985
Fines and forfeitures . . . . .	78,062	-	7,697	85,759
Intergovernmental. . . . .	167,569	16,272	678,227	862,068
Investment income. . . . .	53,018	2,234	5,849	61,101
Rental income . . . . .	8,350	-	-	8,350
Contributions and donations. . . . .	4,612	-	-	4,612
Other . . . . .	63,255	1,750	33,439	98,444
<b>Total revenues . . . . .</b>	<b>3,821,227</b>	<b>234,869</b>	<b>793,124</b>	<b>4,849,220</b>
<b>Expenditures:</b>				
Current:				
General government . . . . .	621,341	-	-	621,341
Security of persons and property:				
Police. . . . .	1,457,485	-	10,981	1,468,466
Fire . . . . .	196,215	451,892	-	648,107
Public health and welfare. . . . .	785,048	-	-	785,048
Transportation . . . . .	94,673	-	714,970	809,643
Leisure time activities:				
Senior center . . . . .	78,644	-	-	78,644
Parks . . . . .	106,931	-	-	106,931
Pool. . . . .	-	-	57,404	57,404
Capital outlay . . . . .	181,958	-	-	181,958
Debt service:				
Principal retirement. . . . .	22,445	70,161	-	92,606
Interest and fiscal charges . . . . .	985	11,971	-	12,956
<b>Total expenditures . . . . .</b>	<b>3,545,725</b>	<b>534,024</b>	<b>783,355</b>	<b>4,863,104</b>
Excess (deficiency) of revenues over (under) expenditures. . . . .	275,502	(299,155)	9,769	(13,884)
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	111,000	111,000
Transfers (out). . . . .	(111,000)	-	-	(111,000)
<b>Total other financing sources (uses) . . . . .</b>	<b>(111,000)</b>	<b>-</b>	<b>111,000</b>	<b>-</b>
Net change in fund balances . . . . .	164,502	(299,155)	120,769	(13,884)
<b>Fund balances at beginning of year . . . . .</b>	<b>1,045,221</b>	<b>439,895</b>	<b>390,140</b>	<b>1,875,256</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 1,209,723</b>	<b>\$ 140,740</b>	<b>\$ 510,909</b>	<b>\$ 1,861,372</b>

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, 2019

<b>Net change in fund balances - total governmental funds</b>	\$	(13,884)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 651,446	
Current year depreciation	(326,168)	
Total		325,278
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(132,014)	
Property taxes	(24,030)	
Accounts	(5,543)	
Intergovernmental revenues	(49,254)	
Total		(210,841)
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		92,606
 Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	241,942	
OPEB	3,317	
Total		245,259
 Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(579,776)	
OPEB	1,069,202	
		489,426
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(11,709)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>916,135</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)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,358,530	\$ 1,358,527	\$ 1,485,819	\$ 127,292
Real and other taxes. . . . .	369,193	369,198	417,034	47,836
Charges for services. . . . .	1,084,953	1,084,951	1,175,017	90,066
Fees, licenses and permits. . . . .	117,368	117,368	121,864	4,496
Fines and forfeitures . . . . .	113,294	113,294	77,782	(35,512)
Intergovernmental. . . . .	175,300	175,300	162,054	(13,246)
Investment income. . . . .	37,765	37,765	53,018	15,253
Rental income . . . . .	5,963	5,963	8,350	2,387
Contributions and donations. . . . .	4,969	4,969	4,612	(357)
Other . . . . .	20,167	20,167	57,214	37,047
Total revenues . . . . .	<u>3,287,502</u>	<u>3,287,502</u>	<u>3,562,764</u>	<u>275,262</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	657,382	668,386	635,979	32,407
Security of persons and property:				
Police . . . . .	1,391,981	1,406,300	1,431,264	(24,964)
Fire . . . . .	189,192	212,749	196,590	16,159
Public health and welfare. . . . .	868,658	862,062	846,384	15,678
Transportation . . . . .	86,635	85,977	87,302	(1,325)
Leisure time activities:				
Senior center. . . . .	86,836	86,177	78,331	7,846
Parks . . . . .	117,377	116,486	106,049	10,437
Debt service:				
Principal retirement. . . . .	-	-	658	(658)
Interest and fiscal charges . . . . .	-	-	647	(647)
Total expenditures . . . . .	<u>3,398,061</u>	<u>3,438,137</u>	<u>3,383,204</u>	<u>54,933</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(110,559)</u>	<u>(150,635)</u>	<u>179,560</u>	<u>330,195</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	1,000	1,000	2,450	1,450
Advances (out) and not repaid . . . . .	-	-	(90,000)	(90,000)
Transfers out . . . . .	(85,000)	(201,000)	(111,000)	90,000
Total other financing sources (uses) . . . . .	<u>(84,000)</u>	<u>(200,000)</u>	<u>(198,550)</u>	<u>1,450</u>
Net change in fund balances . . . . .	(194,559)	(350,635)	(18,990)	331,645
<b>Fund balance at beginning of year. . . . .</b>	<u>642,397</u>	<u>642,397</u>	<u>642,397</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 447,838</u>	<u>\$ 291,762</u>	<u>\$ 623,407</u>	<u>\$ 331,645</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)  
 EMS LEVY  
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Real and other taxes. . . . .	\$ 207,660	\$ 207,660	\$ 214,613	6,953
Intergovernmental. . . . .	5,040	5,040	16,272	\$ 11,232
Investment income. . . . .	-	-	2,234	2,234
Other . . . . .	-	-	1,750	1,750
Total revenues . . . . .	212,700	212,700	234,869	22,169
<b>Expenditures:</b>				
Current:				
Security of persons and property - fire . . . . .	42,100	102,100	78,006	24,094
Debt service:				
Principal retirement. . . . .	70,162	70,162	70,162	-
Interest and fiscal charges . . . . .	11,971	11,971	11,971	-
Total expenditures . . . . .	124,233	184,233	160,139	24,094
Net change in fund balances . . . . .	88,467	28,467	74,730	46,263
<b>Fund balance at beginning of year. . . . .</b>	66,010	66,010	66,010	-
<b>Fund balance at end of year . . . . .</b>	\$ 154,477	\$ 94,477	\$ 140,740	\$ 46,263

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE, OHIO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2019**

	<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 . . .	\$ 1,122,312	\$ 1,128,060	\$ 442,858	\$ 2,693,230
Receivables:				
Accounts . . . . .	168,335	69,366	-	237,701
Materials and supplies inventory . . . . .	7,709	3,937	-	11,646
Prepayments . . . . .	10,026	3,027	-	13,053
Restricted assets:				
Customer deposits - cash . . . . .	-	158,501	-	158,501
Total current assets . . . . .	<u>1,308,382</u>	<u>1,362,891</u>	<u>442,858</u>	<u>3,114,131</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable capital assets . . . . .	70,215	171,979	-	242,194
Depreciable capital assets, net . . . . .	5,907,187	5,429,721	-	11,336,908
Total noncurrent assets . . . . .	<u>5,977,402</u>	<u>5,601,700</u>	<u>-</u>	<u>11,579,102</u>
Total assets . . . . .	<u>7,285,784</u>	<u>6,964,591</u>	<u>442,858</u>	<u>14,693,233</u>
<b>Deferred outflows of resources:</b>				
Pension . . . . .	227,941	75,616	-	303,557
OPEB . . . . .	26,933	10,687	-	37,620
Total deferred outflows of resources . . . . .	<u>254,874</u>	<u>86,303</u>	<u>-</u>	<u>341,177</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	10,989	2,963	-	13,952
Accrued wages and benefits payable . . . . .	19,579	3,098	-	22,677
Intergovernmental payable . . . . .	6,590	718	-	7,308
Accrued interest payable . . . . .	950	118	-	1,068
OWDA loans payable . . . . .	83,387	-	-	83,387
Vacation benefits payable . . . . .	4,631	547	-	5,178
OPWC loans payable . . . . .	5,764	2,322	-	8,086
Other loans payable . . . . .	84,955	-	-	84,955
Customer deposits payable from restricted assets . . . . .	-	158,501	-	158,501
Total current liabilities . . . . .	<u>216,845</u>	<u>168,267</u>	<u>-</u>	<u>385,112</u>
Long-term liabilities:				
Compensated absences payable . . . . .	7,202	2,706	-	9,908
OPWC loans payable . . . . .	48,238	9,517	-	57,755
Net pension liability . . . . .	774,841	246,480	-	1,021,321
Net OPEB liability . . . . .	343,442	109,250	-	452,692
Total long-term liabilities . . . . .	<u>1,173,723</u>	<u>367,953</u>	<u>-</u>	<u>1,541,676</u>
Total liabilities . . . . .	<u>1,390,568</u>	<u>536,220</u>	<u>-</u>	<u>1,926,788</u>
<b>Deferred inflows of resources:</b>				
Pension . . . . .	19,893	3,627	-	23,520
OPEB . . . . .	7,719	801	-	8,520
Total deferred inflows of resources . . . . .	<u>27,612</u>	<u>4,428</u>	<u>-</u>	<u>32,040</u>
Total liabilities and deferred inflows of resources.	<u>1,418,180</u>	<u>540,648</u>	<u>-</u>	<u>1,958,828</u>
<b>Net position:</b>				
Net investment in capital assets . . . . .	5,743,219	5,589,861	-	11,333,080
Restricted for other purposes . . . . .	-	158,501	-	158,501
Unrestricted . . . . .	379,259	761,884	442,858	1,584,001
Total net position . . . . .	<u>\$ 6,122,478</u>	<u>\$ 6,510,246</u>	<u>\$ 442,858</u>	<u>\$ 13,075,582</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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 . . . . .	\$ 1,704,772	\$ 1,064,404	-	2,769,176
Other operating revenues . . . . .	7,879	59,406	-	67,285
Total operating revenues. . . . .	<u>1,712,651</u>	<u>1,123,810</u>	<u>-</u>	<u>2,836,461</u>
<b>Operating expenses:</b>				
Personal services . . . . .	692,882	209,215	-	902,097
Contract services. . . . .	364,461	298,339	-	662,800
Materials and supplies. . . . .	140,957	139,834	-	280,791
Depreciation. . . . .	209,200	162,894	-	372,094
Other . . . . .	310	32,251	-	32,561
Total operating expenses. . . . .	<u>1,407,810</u>	<u>842,533</u>	<u>-</u>	<u>2,250,343</u>
Operating income . . . . .	<u>304,841</u>	<u>281,277</u>	<u>-</u>	<u>586,118</u>
<b>Nonoperating revenues (expenses):</b>				
Interest and fiscal charges . . . . .	(7,249)	(261)	-	(7,510)
Total nonoperating revenues (expenses) . . . . .	<u>(7,249)</u>	<u>(261)</u>	<u>-</u>	<u>(7,510)</u>
Income before capital contributions. . . . .	297,592	281,016	-	578,608
Capital contributions. . . . .	49,669	-	-	49,669
Change in net position . . . . .	347,261	281,016	-	628,277
<b>Net position at beginning of year . . . . .</b>	<u>5,775,217</u>	<u>6,229,230</u>	<u>442,858</u>	<u>12,447,305</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 6,122,478</u>	<u>\$ 6,510,246</u>	<u>\$ 442,858</u>	<u>\$ 13,075,582</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, 2019**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 1,700,265	\$ 1,090,088	\$ -	\$ 2,790,353
Cash received from other operations . . . . .	7,879	59,196	-	67,075
Cash payments for personal services . . . . .	(544,794)	(159,386)	-	(704,180)
Cash payments for contractual services . . . . .	(360,440)	(296,191)	-	(656,631)
Cash payments for materials and supplies . . . . .	(145,545)	(140,470)	-	(286,015)
Cash payments for other expenses . . . . .	(310)	(17,039)	-	(17,349)
Net cash provided by operating activities . . . . .	<u>657,055</u>	<u>536,198</u>	<u>-</u>	<u>1,193,253</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .	(155,890)	(153,337)	-	(309,227)
Loan proceeds . . . . .	2,111	-	-	2,111
Principal retirement on OPWC loans . . . . .	(11,358)	(4,573)	-	(15,931)
Principal retirement on OWDA loan . . . . .	(70,000)	-	-	(70,000)
Principal retirement on other loans . . . . .	(132,213)	-	-	(132,213)
Interest and fiscal charges . . . . .	(7,609)	(307)	-	(7,916)
Capital contributions . . . . .	49,669	-	-	49,669
Net cash used in capital and related financing activities . . . . .	<u>(325,290)</u>	<u>(158,217)</u>	<u>-</u>	<u>(483,507)</u>
Net increase in cash and cash equivalents . . . . .	331,765	377,981	-	709,746
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>790,547</b>	<b>908,580</b>	<b>442,858</b>	<b>2,141,985</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 1,122,312</u></b>	<b><u>\$ 1,286,561</u></b>	<b><u>\$ 442,858</u></b>	<b><u>\$ 2,851,731</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income . . . . .	\$ 304,841	\$ 281,277	\$ -	\$ 586,118
Adjustments:				
Depreciation . . . . .	209,200	162,894	-	372,094
Changes in assets, deferred outflows of resources, liabilities and deferred outflows of resources:				
Materials and supplies inventory . . . . .	(4,588)	(636)	-	(5,224)
Accounts receivable . . . . .	(4,507)	25,474	-	20,967
Prepayments . . . . .	(1,800)	1,816	-	16
Deferred outflows - pension . . . . .	(112,017)	(34,101)	-	(146,118)
Deferred outflows - OPEB . . . . .	(5,455)	111	-	(5,344)
Accounts payable . . . . .	5,572	332	-	5,904
Accrued wages and benefits . . . . .	683	(2,104)	-	(1,421)
Intergovernmental payable . . . . .	797	(142)	-	655
Compensated absences payable . . . . .	976	2,274	-	3,250
Vacation benefits payable . . . . .	2,234	(2,838)	-	(604)
Customer deposits . . . . .	-	15,212	-	15,212
Net pension liability . . . . .	323,055	104,766	-	427,821
Net OPEB liability . . . . .	51,578	17,699	-	69,277
Deferred inflows - pension . . . . .	(94,739)	(29,817)	-	(124,556)
Deferred inflows - OPEB . . . . .	(18,775)	(6,019)	-	(24,794)
Net cash provided by operating activities . . . . .	<u>\$ 657,055</u>	<u>\$ 536,198</u>	<u>\$ -</u>	<u>\$ 1,193,253</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE, OHIO**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
DECEMBER 31, 2019**

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 10,700
Cash and cash equivalents in segregated accounts. . . . .	<u>5,229</u>
Total assets . . . . .	<u>\$ 15,929</u>
<b>Liabilities:</b>	
Intergovernmental payable . . . . .	\$ 5,229
Deposits held and due to others . . . . .	<u>10,700</u>
Total liabilities. . . . .	<u>\$ 15,929</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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 17.

**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, 2019

#### 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.

**EMS Levy Fund** - The EMS Levy Fund is used to account for the proceeds of a property tax levied for provision of EMS services.

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.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

**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:

**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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. 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.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

##### 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.

**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, see Notes 14 and 15 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 14 and 15 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

#### **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.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

##### 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".

At year-end, the City had \$275,726 on deposit with the Washington County Treasurer for permissive funds collected, but not distributed yet to the City. The data regarding insurance and collateralization can be obtained from the Washington County Comprehensive Annual Financial Report for the year ended December 31, 2019. This amount is not included in the City's depository balance.

During 2019, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by provisions of the Ohio Revised Code. 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, EMS Levy and State Highway Special Revenue Funds. Interest revenue credited to the General Fund during 2019 amounted to \$53,018, which includes \$42,522 assigned from other City funds.

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, 2019, 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.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

**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 acquisition 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.

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.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

**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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**M. Fund Balance**

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

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

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

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

*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 deferred outflows of resources and liabilities and deferred inflows of resources. 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.

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.



## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

##### **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/Other Postemployment Benefits (OPEB)**

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

##### **T. Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### **U. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

##### Change in Accounting Principles

For 2019, the City has implemented GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended December 31, 2019. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed by one year. The City has elected to postpone implementing the following pronouncements until the fiscal year ended December 31, 2020:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 90, *Majority Equity Interests*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

#### 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 EMS Levy 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);

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (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 EMS Levy Fund:

**Net Change in Fund Balance**

	General Fund	EMS Levy Fund
Budget basis	\$ (18,990)	\$ 74,730
Net adjustment for revenue accruals	2,333	-
Net adjustment for expenditure accruals	19,437	(373,885)
Net adjustment for other financing sources	87,550	-
Net adjustment for fund reclassification	74,172	-
GAAP basis	\$ 164,502	\$ (299,155)

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.

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**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**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	EMS Levy	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 6,723	\$ -	\$ 54,593	\$ 61,316
Prepays	17,787	-	6,288	24,075
Total nonspendable	<u>24,510</u>	<u>-</u>	<u>60,881</u>	<u>85,391</u>
Restricted:				
Street improvements	-	-	351,809	351,809
Community development	-	-	28,027	28,027
Law enforcement	-	-	26,181	26,181
Pool improvements	-	-	676	676
Parks and recreation	-	-	9,868	9,868
Mayor's Court	-	-	29,015	29,015
Unclaimed monies	7,652	-	-	7,652
EMS Services	-	140,740	-	140,740
Issue II improvements	-	-	4,205	4,205
Total restricted	<u>7,652</u>	<u>140,740</u>	<u>449,781</u>	<u>598,173</u>
Committed:				
Swimming pool operations	-	-	247	247
Total committed	<u>-</u>	<u>-</u>	<u>247</u>	<u>247</u>
Assigned:				
Subsequent year appropriations	103,777	-	-	103,777
Total assigned	<u>103,777</u>	<u>-</u>	<u>-</u>	<u>103,777</u>
Unassigned	1,073,784	-	-	1,073,784
Total fund balances	<u>\$ 1,209,723</u>	<u>\$ 140,740</u>	<u>\$ 510,909</u>	<u>\$ 1,861,372</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.

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.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities described in 1 or 2 above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above; and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

**A. Deposits with Financial Institutions**

At December 31, 2019, the carrying amount of all City deposits was \$3,986,429 and the bank balance of all City deposits was \$4,213,263. Of the bank balance, \$2,692,879 was covered by the FDIC and \$1,520,384 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**B. Investments**

As of December 31, 2019, the City had the following investments:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturity 6 months or less</u>	<u>% of Total</u>
<i>Amortized cost:</i>			
STAR Ohio	<u>\$ 124,391</u>	<u>\$ 124,391</u>	100%

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Auditor or qualified trustee.

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 7 - INTERFUND ACTIVITY**

**A. Interfund Transfers**

Interfund transfers during 2019 consisted of the following:

Transfers to	Transfers from General
Nonmajor special revenue funds	\$ 111,000

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.

The transfers from the General Fund to the Street Fund (a nonmajor special revenue fund) and to the State Highway (a nonmajor special revenue fund) were made to supplement any revenue shortfalls.

**B. Interfund Loans**

Interfund loans consisted of the following at December 31, 2019, as reported on the fund financial statements.

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental fund	\$ 90,000

This balance resulted from the lag time between the dates that the City received a portion of the FEMA grant. An advance was necessary due to the grant funds not being received during 2019.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at December 31, 2019 are reported on the statement of net position.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2019, consisted of municipal income tax, property taxes, 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.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 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, 2019 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 2019 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.

The full tax rate for all City operations for the year ended December 31, 2019 was \$5.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2019 property tax receipts were based are as follows:

Real Property	\$ 136,014,330
Public Utility Tangible Property	<u>3,727,880</u>
Total Assessed Value	<u><u>\$ 139,742,210</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. The City contracts with Regional Income Tax Agency (RITA) to collect income taxes on its behalf.

**C. Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

<b>Governmental Activities</b>	<u>Amounts</u>
Local Government	\$ 53,709
Gasoline and Excise Tax	124,288
Motor Vehicle License Tax	24,241
Rollback and Homestead	14,800
Vehicle Registration	<u>3,844</u>
	<u><u>\$220,882</u></u>



**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Increases	Decreases	Balance 12/31/19
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$ 2,727,575	\$ -	\$ -	\$ 2,727,575
Construction in Progress	217,422	372,858	(590,280)	-
Total Capital Assets not being Depreciated	<u>2,944,997</u>	<u>372,858</u>	<u>(590,280)</u>	<u>2,727,575</u>
Capital Assets being Depreciated:				
Buildings and Improvements	4,949,902	-	-	4,949,902
Machinery and Equipment	1,293,986	21,499	(4,835)	1,310,650
Vehicles	2,355,937	714,885	(60,624)	3,010,198
City Streets	21,263,638	132,484	-	21,396,122
Street Signals	698,289	-	-	698,289
Total Capital Assets being Depreciated	<u>30,561,752</u>	<u>868,868</u>	<u>(65,459)</u>	<u>31,365,161</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,388,627)	(103,033)	-	(2,491,660)
Machinery and Equipment	(1,097,747)	(46,464)	4,835	(1,139,376)
Vehicles	(2,190,259)	(82,915)	60,624	(2,212,550)
City Streets	(20,059,788)	(86,096)	-	(20,145,884)
Street Signals	(557,237)	(7,660)	-	(564,897)
Total Accumulated Depreciation	<u>(26,293,658)</u>	<u>(326,168)</u>	<u>65,459</u>	<u>(26,554,367)</u>
Total Capital Assets being Depreciated, Net	<u>4,268,094</u>	<u>542,700</u>	<u>-</u>	<u>4,810,794</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,213,091</u>	<u>\$ 915,558</u>	<u>\$ (590,280)</u>	<u>\$ 7,538,369</u>

Depreciation expense was charged to governmental programs as follows:

General Government	\$24,236
Security of Persons and Property:	
Police	51,420
Fire	51,318
Transportation	135,792
Leisure Time Activities:	
Senior Center	12,338
Parks	29,196
Pool	21,868
Total Depreciation Expense	<u>\$326,168</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Business-type activity for the year ended December 31, 2019, was as follows:

<b>Business-Type Activities:</b>	Balance 12/31/18	Increases	Decreases	Balance 12/31/19
<b>Capital Assets not being Depreciated:</b>				
Land	\$ 242,194	\$ -	\$ -	\$ 242,194
Construction in Progress	208,858	54,379	(263,237)	-
Total Capital Assets not being Depreciated	<u>451,052</u>	<u>54,379</u>	<u>(263,237)</u>	<u>242,194</u>
<b>Capital Assets being Depreciated:</b>				
Buildings and Improvements	761,774	4,885	-	766,659
Machinery and Equipment	1,758,782	364,748	-	2,123,530
Vehicles	123,767	66,004	-	189,771
Infrastructure	16,757,363	82,448	-	16,839,811
Total Capital Assets being Depreciated	<u>19,401,686</u>	<u>518,085</u>	<u>-</u>	<u>19,919,771</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(610,796)	(14,714)	-	(625,510)
Machinery and Equipment	(1,458,389)	(87,597)	-	(1,545,986)
Vehicles	(122,670)	(786)	-	(123,456)
Infrastructure	(6,018,914)	(268,997)	-	(6,287,911)
Total Accumulated Depreciation	<u>(8,210,769)</u>	<u>(372,094)</u>	<u>-</u>	<u>(8,582,863)</u>
Total Capital Assets being Depreciated, Net	<u>11,190,917</u>	<u>145,991</u>	<u>-</u>	<u>11,336,908</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,641,969</u>	<u>\$ 200,370</u>	<u>\$ (263,237)</u>	<u>\$ 11,579,102</u>

Depreciation expense was charged to the business-type activities as follows:

Sewer	\$ 209,200
Water	<u>162,894</u>
Total depreciation expense - business-type activities:	<u>\$ 372,094</u>

**NOTE 10 - 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. Capital assets of \$111,699 have been reported in buildings and improvements of the governmental activities at December 31, 2019.

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 2019 of \$21,787 in the governmental activities. At December 31, 2019, there were no further obligations outstanding.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 11 - LONG-TERM OBLIGATIONS**

A schedule of changes in long-term obligations for the governmental activities of the City during 2019 follows.

	Balance			Amounts	
	12/31/18	Additions	Retirements	Balance	Due in
				12/31/19	One Year
<b>Governmental Activities:</b>					
Fire Truck Loan	\$ 351,089	\$ -	\$ (70,161)	\$ 280,928	\$ 72,811
Lease Purchase - 3.087%	21,787	-	(21,787)	-	-
Police Pension	15,324	-	(658)	14,666	686
Net Pension Liability	2,413,753	1,168,043	-	3,581,796	-
Net OPEB Liability	1,963,247	110,187	(1,129,076)	944,358	-
Compensated Absences	44,327	57,464	(44,327)	57,464	-
<b>Total Governmental Activities</b>	<b>\$ 4,809,527</b>	<b>\$ 1,335,694</b>	<b>\$ (1,266,009)</b>	<b>\$ 4,879,212</b>	<b>\$ 73,497</b>

The following tables present the changes in long-term obligations for the business-type activities during the year.

	Balance			Amounts	
	12/31/18	Additions	Retirements	Balance	Due in
				12/31/19	One Year
<b>Business-Type Activities:</b>					
<b>OPWC Loans:</b>					
Water Well - 2%	\$ 16,412	\$ -	\$ (4,573)	\$ 11,839	\$ 2,322
Wastewater Treatment Plant - 2%	65,360	-	(11,358)	54,002	5,764
<b>Total OPWC Loans</b>	<b>81,772</b>	<b>-</b>	<b>(15,931)</b>	<b>65,841</b>	<b>8,086</b>
OWDA Loan - Rt. 7 Project - 3.5%	151,276	2,111	(70,000)	83,387	83,387
Generator Loan	217,168	-	(132,213)	84,955	84,955
Net Pension Liability	593,500	427,821	-	1,021,321	-
Net OPEB Liability	383,415	69,277	-	452,692	-
Compensated Absences	9,611	9,908	(9,611)	9,908	-
<b>Total Business-Type Activities</b>	<b>\$ 1,436,742</b>	<b>\$ 509,117</b>	<b>\$ (227,755)</b>	<b>\$ 1,718,104</b>	<b>\$ 176,428</b>

The police pension is paid from general property tax revenues 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 14 and Note 15 for details on the net pension liability and net OPEB liability, respectively.

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.

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.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

On January 29, 2015, the City was approved for a \$218,400 loan from the OWDA to finance the City's portion of the Route 7 sewer project. The City has pledged future sewer revenues to repay the OWDA loan. A final debt service schedule is not currently available for the loan. Annual principal and interest payments on the Route 7 sewer loan is expected to require 13.62 percent of net revenues and 4.09 percent of total revenues. Principal paid for the current year was \$70,000, total net revenues were \$513,934 and total revenues were \$1,712,651.

The City entered into two bank loans in 2018; \$373,885 to acquire a fire truck and \$250,000 for a sewer generator project. The loans carry interest rates of 3.7% and 4.18%, respectively. Payments are due monthly with the final payment on August 14, 2023 for the fire truck loan and December 5, 2020 for the generator loan.

The City's overall legal debt margin was \$14,672,932 at December 31, 2019.

Principal and interest requirements to retire the police pension liability at December 31, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 686	\$ 619	\$ 1,305
2021	715	590	1,305
2022	745	560	1,305
2023	777	528	1,305
2024	809	496	1,305
2025 - 2029	4,589	1,936	6,525
2030 - 2034	5,643	881	6,524
2035	702	-	702
	\$ 14,666	\$ 5,610	\$ 20,276

Principal and interest requirements to retire the OPWC loans at December 31, 2019, are as follows:

Year	Principal	Interest	Total
2020	\$ 8,086	\$ 658	\$ 8,744
2021	16,577	910	17,487
2022	16,815	682	17,497
2023	12,299	309	12,608
2024	12,064	544	12,608
	\$ 65,841	\$ 3,103	\$ 68,944

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the two bank loans at December 31, 2019, are as follows:

Year	Fire Truck		Generator	
	Principal	Interest	Principal	Interest
2020	\$ 72,811	\$ 9,321	\$ 84,955	\$ 1,930
2021	75,618	6,514	-	-
2022	78,504	3,628	-	-
2023	53,995	760	-	-
	<u>\$ 280,928</u>	<u>\$ 20,223</u>	<u>\$ 84,955</u>	<u>\$ 1,930</u>

**NOTE 12 - 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 2019, the City contracted with USI Midwest, LLC and insurance coverage is provided by the Public Entity Risk Services of Ohio (PERSO).

The various types of coverages, limits, and deductibles are as follows:

Type of Coverage	Limit	Aggregate	Deductible
<b>Property:</b>			
Blanket Building and Contents	\$26,216,694		\$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	2,000
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

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 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 13 - 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 Ohio Insurance Services Agency 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.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### NOTE 13 - EMPLOYEE BENEFITS - (Continued)

##### 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 14 - DEFINED BENEFIT PENSION PLANS

##### *Net Pension Liability/Asset*

The net pension liability/asset reported on the statement of net position represents a liability or asset 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/asset 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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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.

GASB 68 assumes any net pension liability/asset 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 is presented as a long-term net pension liability/asset 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.

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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.

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**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Traditional Plan Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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 3.00% 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 3.00%.



**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

Employer:

Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
	14.0 %	18.1 %	18.1 %
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>

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

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

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

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$187,952 for 2019. Of this amount, \$9,214 is reported as intergovernmental payable.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit 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 3.00% 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 3.00% of their base pension or disability benefit.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	Police	Firefighters
<b>2019 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2019 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$126,053 for 2019. Of this amount, \$5,053 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, 2019, the specific liability of the City was \$14,666 payable in semi-annual payments through the year 2035.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00987900%	0.02374600%	
Proportion of the net pension liability/asset current measurement date	<u>0.00972600%</u>	<u>0.02375900%</u>	
Change in proportionate share	<u>-0.00015300%</u>	<u>0.00001300%</u>	
Proportionate share of the net pension liability	\$ 2,663,755	\$ 1,939,362	\$ 4,603,117
Pension expense	554,930	254,057	808,987

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**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	OPERS - Traditional	OP&F	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 124	\$ 79,682	\$ 79,806
Net difference between projected and actual earnings on pension plan investments	361,544	238,930	600,474
Changes of assumptions	231,884	51,416	283,300
Changes in employer's proportionate percentage/ difference between employer contributions	3,917	49,117	53,034
Contributions subsequent to the measurement date	187,953	126,053	314,006
Total deferred outflows of resources	<u>\$ 785,422</u>	<u>\$ 545,198</u>	<u>\$ 1,330,620</u>

	OPERS - Traditional	OP&F	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 34,976	\$ 1,811	\$ 36,787
Changes in employer's proportionate percentage/ difference between employer contributions	39,668	75,869	115,537
Total deferred inflows of resources	<u>\$ 74,644</u>	<u>\$ 77,680</u>	<u>\$ 152,324</u>

\$314,006 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 -		
	Traditional	OP&F	Total
2020	\$ 212,839	\$ 110,794	\$ 323,633
2021	108,303	58,500	166,803
2022	33,541	73,418	106,959
2023	168,144	95,939	264,083
2024	-	2,813	2,813
Total	<u>\$ 522,827</u>	<u>\$ 341,464</u>	<u>\$ 864,291</u>

**Actuarial Assumptions - OPERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

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 2018 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 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
<b>Total</b>	<b>100.00 %</b>	<b>5.95 %</b>

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability: Traditional Pension Plan	\$ 3,935,140	\$ 2,663,755	\$ 1,607,222

***Actuarial Assumptions – OP&F***

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%



**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 actuarial valuation.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 2,549,158	\$ 1,939,362	\$ 1,429,790

**NOTE 15 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

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

The net OPEB liability represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB 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 - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### **NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

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

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$3,317 for 2019. Of this amount, \$133 is reported as intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability			
prior measurement date	0.00922000%	0.02374600%	
Proportion of the net OPEB liability			
current measurement date	<u>0.00905600%</u>	<u>0.02375900%</u>	
Change in proportionate share	<u>-0.00016400%</u>	<u>0.00001300%</u>	
Proportionate share of the net OPEB liability	\$ 1,180,688	\$ 216,362	\$ 1,397,050
OPEB expense	\$ 92,125	\$ (1,122,188)	\$ (1,030,063)

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 400	\$ -	\$ 400
Net difference between projected and actual earnings on OPEB plan investments	54,126	7,324	61,450
Changes of assumptions	38,066	112,152	150,218
Changes in employer's proportionate percentage/difference between employer contributions	2,120	831	2,951
Contributions subsequent to the measurement date	-	3,317	3,317
Total deferred outflows of resources	<u>\$ 94,712</u>	<u>\$ 123,624</u>	<u>\$ 218,336</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 3,203	\$ 5,796	\$ 8,999
Changes of assumptions	-	59,900	59,900
Changes in employer's proportionate percentage/difference between employer contributions	26,850	58,518	85,368
Total deferred inflows of resources	<u>\$ 30,053</u>	<u>\$ 124,214</u>	<u>\$ 154,267</u>

\$3,317 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

Year Ending December 31:	OPERS	OP&F	Total
2020	\$ 25,327	\$ (279)	\$ 25,048
2021	3,353	(279)	3,074
2022	8,716	(279)	8,437
2023	27,263	1,935	29,198
2024	-	(1,554)	(1,554)
Thereafter	-	(3,451)	(3,451)
<b>Total</b>	<b>\$ 64,659</b>	<b>\$ (3,907)</b>	<b>\$ 60,752</b>

***Actuarial Assumptions - OPERS***

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is a loss of 5.60% for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

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



**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

**Discount Rate** - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 1,510,541	\$ 1,180,689	\$ 918,369

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 1,134,898	\$ 1,180,689	\$ 1,233,427

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

*Actuarial Assumptions – OP&F*

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

**Discount Rate** - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 263,588	\$ 216,362	\$ 176,720

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

**Changes Between Measurement Date and Report Date** - Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

**NOTE 16 - 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.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

#### NOTE 17 - 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 2019, 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. 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.

##### **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. 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.

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE 18 - SUBSEQUENT EVENT**

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BELPRE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.009726%	0.009879%	0.010217%	0.010255%
City's proportionate share of the net pension liability	\$ 2,663,755	\$ 1,549,824	\$ 2,320,107	\$ 1,776,295
City's covered payroll	\$ 1,315,486	\$ 1,297,738	\$ 1,255,750	\$ 1,261,683
City's proportionate share of the net pension liability as a percentage of its covered payroll	202.49%	119.43%	184.76%	140.79%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



	<u>2015</u>		<u>2014</u>
	0.010707%		0.010707%
\$	1,291,384	\$	1,262,216
\$	1,278,467	\$	1,230,738
	101.01%		102.56%
	86.45%		86.36%

**CITY OF BELPRE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.02375900%	0.02374600%	0.02536800%	0.02275700%
City's proportionate share of the net pension liability	\$ 1,939,362	\$ 1,457,429	\$ 1,606,792	\$ 1,463,968
City's covered payroll	\$ 602,321	\$ 584,479	\$ 590,342	\$ 528,095
City's proportionate share of the net pension liability as a percentage of its covered payroll	321.98%	249.36%	272.18%	277.22%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.02356720%	0.02356720%
\$ 1,220,879	\$ 1,147,797
\$ 521,263	\$ 517,904
234.22%	221.62%
72.20%	73.00%

**CITY OF BELPRE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 187,953	\$ 184,168	\$ 168,706	\$ 150,690
Contributions in relation to the contractually required contribution	<u>(187,953)</u>	<u>(184,168)</u>	<u>(168,706)</u>	<u>(150,690)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,342,521	\$ 1,315,486	\$ 1,297,738	\$ 1,255,750
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 151,402	\$ 153,416	\$ 159,996	\$ 121,533	\$ 118,382	\$ 80,212
<u>(151,402)</u>	<u>(153,416)</u>	<u>(159,996)</u>	<u>(121,533)</u>	<u>(118,382)</u>	<u>(80,212)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,261,683	\$ 1,278,467	\$ 1,230,738	\$ 1,215,330	\$ 1,183,820	\$ 899,238
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%

**CITY OF BELPRE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 126,053	\$ 114,441	\$ 111,051	\$ 112,165
Contributions in relation to the contractually required contribution	<u>(126,053)</u>	<u>(114,441)</u>	<u>(111,051)</u>	<u>(112,165)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 663,437	\$ 602,321	\$ 584,479	\$ 590,342
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
 <i>Fire:</i>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 100,338	\$ 99,040	\$ 79,982	\$ 61,054	\$ 54,550	\$ 70,101
<u>(100,338)</u>	<u>(99,040)</u>	<u>(79,982)</u>	<u>(61,054)</u>	<u>(54,550)</u>	<u>(70,101)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 528,095	\$ 521,263	\$ 503,559	\$ 478,855	\$ 427,843	\$ 549,812
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
\$ -	\$ -	\$ 2,902	\$ 5,708	\$ 5,579	\$ 5,427
<u>-</u>	<u>-</u>	<u>(2,902)</u>	<u>(5,708)</u>	<u>(5,579)</u>	<u>(5,427)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 14,237	\$ 33,090	\$ 32,342	\$ 31,461
23.50%	23.50%	20.38%	17.25%	17.25%	17.25%

**CITY OF BELPRE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.009056%	0.009220%	0.009523%
City's proportionate share of the net OPEB liability	\$ 1,180,688	\$ 1,001,224	\$ 961,899
City's covered payroll	\$ 1,315,486	\$ 1,297,738	\$ 1,255,750
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.75%	77.15%	76.60%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF BELPRE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.02375900%	0.02374600%	0.02536800%
City's proportionate share of the net OPEB liability	\$ 216,362	\$ 1,345,438	\$ 1,204,162
City's covered payroll	\$ 602,321	\$ 584,479	\$ 590,342
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.92%	230.19%	203.98%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BELPRE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ 12,977	\$ 25,115
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>(12,977)</u>	<u>(25,115)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,342,521	\$ 1,315,486	\$ 1,297,738	\$ 1,255,750
Contributions as a percentage of covered payroll	0.00%	0.00%	1.00%	2.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 25,234	\$ 26,237	\$ 12,302	\$ 48,631	\$ 47,458	\$ 44,562
<u>(25,234)</u>	<u>(26,237)</u>	<u>(12,302)</u>	<u>(48,631)</u>	<u>(47,458)</u>	<u>(44,562)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,261,683	\$ 1,278,467	\$ 1,230,738	\$ 1,215,330	\$ 1,183,820	\$ 899,238
2.00%	2.05%	1.00%	4.00%	4.01%	4.96%

**CITY OF BELPRE, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 3,317	\$ 3,012	\$ 2,922	\$ 3,031
Contributions in relation to the contractually required contribution	<u>(3,317)</u>	<u>(3,012)</u>	<u>(2,922)</u>	<u>(3,031)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 663,437	\$ 602,321	\$ 584,479	\$ 590,342
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 2,712	\$ 2,589	\$ 18,096	\$ 32,323	\$ 28,879	\$ 37,112
<u>(2,712)</u>	<u>(2,589)</u>	<u>(18,096)</u>	<u>(32,323)</u>	<u>(28,879)</u>	<u>(37,112)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 528,095	\$ 521,263	\$ 503,559	\$ 478,855	\$ 427,843	\$ 549,812
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%
\$ -	\$ -	\$ 690	\$ 2,233	\$ 2,183	\$ 2,124
<u>-</u>	<u>-</u>	<u>(690)</u>	<u>(2,233)</u>	<u>(2,183)</u>	<u>(2,124)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 14,237	\$ 33,090	\$ 32,342	\$ 31,461
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

**CITY OF BELPRE, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**PENSION**

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2019.

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

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2019.

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

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2017-2019.

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

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

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

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

**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  
715 Park Drive  
Belpre, Ohio 45714

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Belpre's basic financial statements and have issued our report thereon dated July 29, 2020, wherein we noted as discussed in Note 18, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of Belpre'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 of Belpre'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 of Belpre's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of Belpre's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
July 29, 2020



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF BELPRE**

**WASHINGTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



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

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

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