

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS***  
**(AUDITED)**

FOR THE YEAR ENDED  
DECEMBER 31, 2011

**LESLIE PITTENGER, CITY AUDITOR**





# Dave Yost • Auditor of State

Members of Council  
City of Belpre  
715 Park Drive  
Belpre, Ohio 45714-0160

We have reviewed the *Independent Accountants' Report* of the City of Belpre, Washington County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2011. 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.

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Dave Yost  
Auditor of State

July 10, 2012

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**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Accountants' Report

City of Belpre  
715 Park Drive  
Belpre, Ohio 45714

To the Members of Council and Mayor:

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, 2011, which collectively comprise the City of Belpre's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Belpre's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Street Fund (a major special revenue fund) for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Members of Council and Mayor  
City of Belpre  
Page Two

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
May 25, 2012



## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

The management's 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, 2011. 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 2011 are as follows:

In total, assets decreased \$1,295,700. Governmental activities decreased \$891,956; the business-type activities experienced a decrease as well, of \$403,744.

In total, liabilities decreased \$971,135. Total liabilities of governmental activities decreased \$175,788. Total liabilities of business-type activities decreased \$795,347 from 2010.

In total, net assets decreased \$324,565. Net assets of governmental activities decreased \$716,168, while net assets of business-type activities increased \$391,603 from 2010.

#### **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 Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those 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 Assets 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 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by 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 assets and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as the condition of City capital assets will also need to be evaluated.

In the Statement of Net Assets 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.

**CITY OF BELPRE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

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. Sanitation services have charges based upon set rates, and these fees more than cover the costs of the contract to provide the service.

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

*Fund Financial Statements*

The basic governmental fund financial statements begin on page 14. Fund financial statements provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Belpre, our major funds are the General, Street, Sewer, and Water Funds.

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

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**CITY OF BELPRE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED

**The City of Belpre as a Whole**

Recall that the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2011 compared to 2010.

(Table 1)  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current and Other Assets	\$ 2,812,201	\$ 2,729,562	\$ 1,227,144	\$ 1,274,188	\$ 4,039,345	\$ 4,003,750
Capital Assets, Net	12,949,097	13,923,692	13,606,949	13,963,649	26,556,046	27,887,341
<i>Total Assets</i>	<u>15,761,298</u>	<u>16,653,254</u>	<u>14,834,093</u>	<u>15,237,837</u>	<u>30,595,391</u>	<u>31,891,091</u>
<b>Liabilities</b>						
Current and Other Liabilities	418,625	473,797	265,567	315,311	684,192	789,108
Long-term Liabilities:						
Due Within One Year	127,909	122,735	775,104	743,857	903,013	866,592
Due in More Than One Year	732,860	858,650	4,235,291	5,012,141	4,968,151	5,870,791
<i>Total Liabilities</i>	<u>1,279,394</u>	<u>1,455,182</u>	<u>5,275,962</u>	<u>6,071,309</u>	<u>6,555,356</u>	<u>7,526,491</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	12,139,127	12,991,458	8,608,631	8,221,474	20,747,758	21,212,932
Restricted:						
Transportation	372,592	501,049	-	-	372,592	501,049
Capital Projects	18,466	18,466	-	-	18,466	18,466
Unclaimed Monies	20,469	1,919	-	-	20,469	1,919
Other Purposes	88,344	158,246	-	-	88,344	158,246
Unrestricted	1,842,906	1,526,934	949,500	945,054	2,792,406	2,471,988
<i>Total Net Assets</i>	<u>\$ 14,481,904</u>	<u>\$ 15,198,072</u>	<u>\$ 9,558,131</u>	<u>\$ 9,166,528</u>	<u>\$ 24,040,035</u>	<u>\$ 24,364,600</u>

Total governmental assets decreased \$891,956. The largest decrease was capital assets. Capital assets decreased \$974,595 as a result of depreciation expense exceeding current year additions.

Total governmental liabilities decreased \$175,788. Long-term liabilities decreased \$120,616 with a capital lease payment of \$122,264, a reduction of \$471 in the police pension payable, and an increase in compensated absences of \$2,119.

For business-type activities, total assets decreased \$403,744. While equity in pooled cash and cash equivalents increased \$40,493, accounts receivable decreased \$91,605 as well as capital assets by \$356,700. Total liabilities decreased \$795,347. The most significant decrease was in long-term liabilities, decreasing \$745,603 with a capital lease payment of \$679,993 and other debt payments of \$63,864.

Table 2 shows the changes in net assets for the year ended December 31, 2011, and comparisons to 2010.

**CITY OF BELPRE, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED**

(Table 2)  
Changes in Net Assets

	Governmental Activities 2011	Business- Type Activities 2011	Total 2011	Governmental Activities 2010	Business- Type Activities 2010	Total 2010
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,102,440	\$ 2,493,021	\$ 3,595,461	\$ 625,282	\$ 3,047,597	\$ 3,672,879
Operating Grants, Contributions and Interest	644,047	-	644,047	533,253	-	533,253
Capital Grants and Contributions	-	-	-	5,000	7,308	12,308
<b>Total Program Revenues</b>	<b>1,746,487</b>	<b>2,493,021</b>	<b>4,239,508</b>	<b>1,163,535</b>	<b>3,054,905</b>	<b>4,218,440</b>
<b>General Revenues</b>						
Property Taxes	272,647	-	272,647	255,603	-	255,603
Income Tax	1,256,092	-	1,256,092	939,134	-	939,134
Hotel Tax	-	-	-	-	-	-
Franchise Tax	122,900	-	122,900	122,291	-	122,291
Grants and Entitlements	221,455	-	221,455	393,613	-	393,613
Interest	23,849	64	23,913	8,671	-	8,671
Donations	8,041	-	8,041	1,000	-	1,000
Other	69,728	7,876	77,604	30,492	5,721	36,213
<b>Total General Revenues</b>	<b>1,974,712</b>	<b>7,940</b>	<b>1,982,652</b>	<b>1,750,804</b>	<b>5,721</b>	<b>1,756,525</b>
<b>Total Revenues</b>	<b>3,721,199</b>	<b>2,500,961</b>	<b>6,222,160</b>	<b>2,914,339</b>	<b>3,060,626</b>	<b>5,974,965</b>
<b>Program Expenses</b>						
General Government	684,354	-	684,354	634,203	-	634,203
Security of Persons and Property:						
Police	1,085,349	-	1,085,349	1,038,355	-	1,038,355
Fire	244,149	-	244,149	218,769	-	218,769
Public Health Services	483,728	-	483,728	41,547	-	41,547
Transportation	1,355,137	-	1,355,137	1,214,974	-	1,214,974
Leisure Time Activities:						
Senior Center	63,866	-	63,866	57,233	-	57,233
Parks	130,299	-	130,299	147,281	-	147,281
Pool	102,922	-	102,922	89,086	-	89,086
Community Environment	249,937	-	249,937	132,913	-	132,913
Interest and Fiscal Charges	37,626	-	37,626	41,746	-	41,746
Sanitation	-	193,738	193,738	-	660,307	660,307
Sewer	-	1,204,031	1,204,031	-	1,284,107	1,284,107
Water	-	711,589	711,589	-	724,232	724,232
<b>Total Program Expenses</b>	<b>4,437,367</b>	<b>2,109,358</b>	<b>6,546,725</b>	<b>3,616,107</b>	<b>2,668,646</b>	<b>6,284,753</b>
<i>Increase (Deficiency) Before Transfers</i>	(716,168)	391,603	(324,565)	(701,768)	391,980	(309,788)
Transfers	-	-	-	-	-	-
<i>Increase (Decrease) in Net Assets</i>	(716,168)	391,603	(324,565)	(701,768)	391,980	(309,788)
<i>Net Assets Beginning of Year</i>	15,198,072	9,166,528	24,364,600	15,899,840	8,774,548	24,674,388
<b><i>Net Assets End of Year</i></b>	<b>\$ 14,481,904</b>	<b>\$ 9,558,131</b>	<b>\$ 24,040,035</b>	<b>\$ 15,198,072</b>	<b>\$ 9,166,528</b>	<b>\$ 24,364,600</b>

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

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

Income tax collections experienced an increase of \$316,958. The City's Tax Commissioner established procedures for identifying delinquent accounts and for setting up payment schedules for hardship cases.

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.

The City passed an ordinance in 2011, to begin depositing receipts for sanitation services in the General fund, rather than in an enterprise fund, beginning April 1, 2011. This resulted in an increase of \$477,158 and \$442,181 in charges for services program revenue and public health expense, respectively, in 2011.

Security of persons and property is a major activity of the City, generating 30% of the governmental expenses. During 2011, expenses for police and fire operations amounted to \$1,085,349 and \$244,149, respectively. These activities are, for the most part, funded by the municipal income tax. The City attempts to supplement the activities of the police department with grants to enable the police department to widen the scope of its activities. The Belpre Volunteer Firefighters, Inc., an entity separate and distinct from the City, has worked hand in hand with the City to help reduce costs to the taxpayer by providing much of the equipment used by the fire department.

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

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

The City's business-type activities provide water, and sewer services. Effective April 1, 2011, the City began reporting the revenues and expenses associated with sanitation services in the General Fund. The City, itself, does not provide trash pickup, but contracts this service from an outside vendor. The City provides the billing service for trash pickup on the existing utility bills and receives a commission from the vendor for providing this service for them. In July 2010, contracts were signed, commercial billing was audited, and correct rates were put into place. During 2011, program expenses for all three activities were exceeded by revenues by \$383,663.

The City's water and sewer departments continued to operate with low rates. On January 1, 2009, the minimum water rate increased to \$9.39 from \$9.03 for the first 3,000 gallons of water consumed and the sewer rate increased to \$18.42 from \$17.71. The administration and city council are proud to be able to keep rates below the neighboring water associations and provide a quality product.

## CITY OF BELPRE, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED

#### **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 \$3,571,721 and expenditures of \$3,583,353. Both revenues and expenditures increased \$577,481 and \$589,630, respectively, from 2010 levels.

The fund balance of the General Fund increased \$194,766. Revenues increased \$580,959 from 2010 levels. Expenditures increased \$398,775 from 2010 levels mainly in public health services program expenditures, which increased \$439,605. The increase in both revenues and expenditures in 2011 is a result of the sanitation services being reporting in the General Fund for the period April 1, 2011 through December 31, 2011.

The Street Fund did not experience any significant changes from the previous year. The fund balance decreased \$74,305. Expenditures decreased \$18,527. There were no transfers from the General Fund in 2011.

During 2011, the Sewer Fund had operating revenues of \$1,471,585 (\$1,356,089 in 2010) and operating expenses of \$1,087,373. The Water Fund had operating revenues of \$909,348 (\$956,146 in 2010) and operating expenses of \$604,511. Sanitation services reported in the Sanitation Fund were for the period of January 1, 2011 through March 31, 2011, which caused a decrease of \$622,197 and \$466,569 in revenues and expenses, respectively, from 2010. In total these funds experienced an increase in net assets of \$391,603.

#### ***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 2011, the City increased its Estimated Revenues \$545,799. Appropriations were increased \$567,495 the biggest increase was in the public health services area of the budget. 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 \$1,392,063, \$362,522 above the final budgeted amount. The City received \$264,326 more in revenues than anticipated. The City also cut actual expenditures by \$98,196, reducing amounts in nearly all appropriated programs, especially general government and police.

**CITY OF BELPRE, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
UNAUDITED

**Capital Assets and Debt Administration**

(Table 3)  
Capital Assets at December 31, 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,736,418	\$ 2,736,418	\$ 250,754	\$ 250,754	\$ 2,987,172	\$ 2,987,172
Construction in Progress	-	7,910	-	-	-	7,910
Buildings and Improvements	2,650,426	2,753,649	508,229	533,284	3,158,655	3,286,933
Machinery and Equipment	287,501	335,112	266,053	297,260	553,554	632,372
Vehicles	451,435	553,933	33,307	38,751	484,742	592,684
Infrastructure:						
City Streets	6,561,848	7,259,918	-	-	6,561,848	7,259,918
Street Signals	261,469	276,752	-	-	261,469	276,752
Sewer System	-	-	6,484,140	6,660,903	6,484,140	6,660,903
Water System	-	-	6,064,466	6,182,697	6,064,466	6,182,697
<b>Totals</b>	<b>\$ 12,949,097</b>	<b>\$ 13,923,692</b>	<b>\$ 13,606,949</b>	<b>\$ 13,963,649</b>	<b>\$ 26,556,046</b>	<b>\$ 27,887,341</b>

The assets of the City are reported at historical cost, net of depreciation. The City's major outlays included equipment of \$5,625 for the senior center, \$5,725 for the parks and \$9,748 in general equipment. For additional information on capital assets, see Note 9 to the basic financial statements.

(Table 4)  
Outstanding Debt at December 31, 2011

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Issue II Water Well Loan	\$ -	\$ -	\$ 46,003	\$ 49,904	\$ 46,003	\$ 49,904
Water Tank Loan	-	-	308,675	358,952	308,675	358,952
Issue II Sewer Treatment Plant Loan	-	-	138,841	148,527	138,841	148,527
Capital Leases	809,970	932,234	4,504,799	5,184,792	5,314,769	6,117,026
Police Pension Liability	19,241	19,712	-	-	19,241	19,712
<b>Totals</b>	<b>\$ 829,211</b>	<b>\$ 951,946</b>	<b>\$ 4,998,318</b>	<b>\$ 5,742,175</b>	<b>\$ 5,827,529</b>	<b>\$ 6,694,121</b>

## **CITY OF BELPRE, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2011 UNAUDITED**

The City had no bond issues outstanding but had a pension liability, various loans payable, and a capital lease payable at December 31, 2011, totaling \$5,827,529, of which \$903,013 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 one long-term loan outstanding for a water tank.

For additional information on debt, see Note 11 to the basic financial statements.

#### **Current Finance Related Activities**

The City has endured the loss of several businesses during the current economic downturn. We do not like to see vacant store fronts and businesses but are encouraged by the interest in additional medical facilities that began breaking ground during the fall of 2011 in the Farson Street area. This new facility will bring jobs, increasing the tax base for the City and increasing traffic for current and new businesses. The City is committed to improving the safety of our City by beginning the task of replacing fire hydrants that have been in place for over 50 years. Four hydrants are scheduled for replacement in 2012, with additional replacements to follow each year until we are completely upgraded. The City has experienced the benefits of the energy savings project that was implemented in 2006 by maintaining level energy costs for street lighting over the last year.

#### **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  
WASHINGTON COUNTY, OHIO**

STATEMENT OF NET ASSETS  
DECEMBER 31, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . .	\$ 1,748,875	\$ 960,366	\$ 2,709,241
Cash and cash equivalents in segregated accounts. . . . .	8,929	-	8,929
Investments. . . . .	-	50,000	50,000
Receivables:			
Income taxes. . . . .	349,448	-	349,448
Real and other taxes . . . . .	259,472	-	259,472
Accounts. . . . .	116,432	198,424	314,856
Intergovernmental . . . . .	295,800	-	295,800
Accrued interest . . . . .	375	64	439
Materials and supplies inventory. . . . .	8,987	3,266	12,253
Prepayments . . . . .	23,883	15,024	38,907
Capital assets:			
Non-depreciable capital assets, net . . . . .	2,736,418	250,754	2,987,172
Depreciable capital assets, net. . . . .	10,212,679	13,356,195	23,568,874
Total capital assets, net. . . . .	<u>12,949,097</u>	<u>13,606,949</u>	<u>26,556,046</u>
Total assets . . . . .	<u>15,761,298</u>	<u>14,834,093</u>	<u>30,595,391</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	53,909	24,865	78,774
Contracts payable. . . . .	17,000	-	17,000
Accrued wages and benefits payable . . . . .	26,028	8,948	34,976
Intergovernmental payable . . . . .	42,308	12,689	54,997
Accrued interest payable . . . . .	104	2,689	2,793
Vacation benefits payable. . . . .	35,600	26,861	62,461
Unearned revenue . . . . .	243,676	-	243,676
Customer deposits payable . . . . .	-	189,515	189,515
Long-term liabilities:			
Due within one year . . . . .	127,909	775,104	903,013
Due in more than one year. . . . .	732,860	4,235,291	4,968,151
Total liabilities . . . . .	<u>1,279,394</u>	<u>5,275,962</u>	<u>6,555,356</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt . . . . .	12,139,127	8,608,631	20,747,758
Restricted for:			
Capital projects . . . . .	18,466	-	18,466
Transportation . . . . .	372,592	-	372,592
Unclaimed monies . . . . .	20,469	-	20,469
Other purposes. . . . .	88,344	-	88,344
Unrestricted. . . . .	1,842,906	949,500	2,792,406
Total net assets . . . . .	<u>\$ 14,481,904</u>	<u>\$ 9,558,131</u>	<u>\$ 24,040,035</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental activities:</b>			
General government . . . . .	\$ 684,354	\$ 189,800	\$ -
Security of persons and property:			
Police . . . . .	1,085,349	116,259	1,454
Fire . . . . .	244,149	159,346	-
Public health services . . . . .	483,728	637,035	-
Transportation . . . . .	1,355,137	-	381,930
Leisure time activities			
Senior Center . . . . .	63,866	-	4,945
Parks . . . . .	130,299	-	3,386
Pool . . . . .	102,922	-	57,873
Community environment . . . . .	249,937	-	194,459
Interest and fiscal charges . . . . .	37,626	-	-
Total governmental activities . . . . .	<u>4,437,367</u>	<u>1,102,440</u>	<u>644,047</u>
<b>Business-type activities:</b>			
Sewer . . . . .	1,204,031	1,471,543	-
Water . . . . .	711,589	902,592	-
Sanitation . . . . .	193,738	118,886	-
Total business-type activities . . . . .	<u>2,109,358</u>	<u>2,493,021</u>	<u>-</u>
Total primary government . . . . .	<u>\$ 6,546,725</u>	<u>\$ 3,595,461</u>	<u>\$ 644,047</u>

**General revenues:**

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (494,554)	\$ -	\$ (494,554)
(967,636)	-	(967,636)
(84,803)	-	(84,803)
153,307	-	153,307
(973,207)	-	(973,207)
(58,921)	-	(58,921)
(126,913)	-	(126,913)
(45,049)	-	(45,049)
(55,478)	-	(55,478)
(37,626)	-	(37,626)
<u>(2,690,880)</u>	<u>-</u>	<u>(2,690,880)</u>
-	267,512	267,512
-	191,003	191,003
-	(74,852)	(74,852)
<u>-</u>	<u>383,663</u>	<u>383,663</u>
<u>(2,690,880)</u>	<u>383,663</u>	<u>(2,307,217)</u>
272,647	-	272,647
1,256,092	-	1,256,092
122,900	-	122,900
221,455	-	221,455
23,849	64	23,913
8,041	-	8,041
69,728	7,876	77,604
<u>1,974,712</u>	<u>7,940</u>	<u>1,982,652</u>
(716,168)	391,603	(324,565)
<u>15,198,072</u>	<u>9,166,528</u>	<u>24,364,600</u>
<u>\$ 14,481,904</u>	<u>\$ 9,558,131</u>	<u>\$ 24,040,035</u>

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 1,383,115	\$ 147,894	\$ 197,397	\$ 1,728,406
Cash and cash equivalents in segregated accounts . . . . .	8,000	-	929	8,929
Receivables:				
Income taxes . . . . .	349,448	-	-	349,448
Property taxes . . . . .	259,472	-	-	259,472
Accounts . . . . .	114,632	1,800	-	116,432
Intergovernmental . . . . .	129,524	149,857	16,419	295,800
Accrued interest . . . . .	375	-	-	375
Materials and supplies inventory . . . . .	2,393	6,306	288	8,987
Prepayments . . . . .	14,707	6,247	2,929	23,883
Restricted assets:				
Equity in pooled cash and cash equivalents . . .	20,469	-	-	20,469
Total assets . . . . .	<u>\$ 2,282,135</u>	<u>\$ 312,104</u>	<u>\$ 217,962</u>	<u>\$ 2,812,201</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 46,739	\$ 3,393	\$ 3,777	\$ 53,909
Contracts payable . . . . .	-	-	17,000	17,000
Accrued wages and benefits payable . . . . .	22,170	3,312	546	26,028
Intergovernmental payable . . . . .	36,208	5,180	920	42,308
Deferred revenue . . . . .	413,628	99,688	8,523	521,839
Unearned revenue . . . . .	243,676	-	-	243,676
Total liabilities . . . . .	<u>762,421</u>	<u>111,573</u>	<u>30,766</u>	<u>904,760</u>
<b>Fund balances:</b>				
Nonspendable . . . . .	17,100	12,553	3,217	32,870
Restricted . . . . .	20,469	187,978	136,810	345,257
Committed . . . . .	-	-	47,169	47,169
Assigned . . . . .	2,780	-	-	2,780
Unassigned . . . . .	1,479,365	-	-	1,479,365
Total fund balances . . . . .	<u>1,519,714</u>	<u>200,531</u>	<u>187,196</u>	<u>1,907,441</u>
Total liabilities and fund balances . . . . .	<u>\$ 2,282,135</u>	<u>\$ 312,104</u>	<u>\$ 217,962</u>	<u>\$ 2,812,201</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2011

<b>Total governmental fund balances</b>		\$	1,907,441
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			12,949,097
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Income taxes receivable	\$	320,062	
Property taxes receivable		15,796	
Accounts receivable		2,419	
Intergovernmental receivable		183,562	
Total		183,562	521,839
Accrued interest payable is not due and payable in the current period and therefore is not reported in the governmental funds.			(104)
Vacation is accrued on the statement of net assets, whereas in the governmental funds, vacation leave expenditures are reported when taken.			(35,600)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		31,558	
Police pension payable		19,241	
Capital leases payable		809,970	
Total		860,769	(860,769)
<b>Net assets of governmental activities</b>		\$	14,481,904

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>General</u>	<u>Street</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,079,426	\$ -	\$ -	\$ 1,079,426
Property taxes. . . . .	299,292	-	-	299,292
Charges for services. . . . .	964,552	-	57,873	1,022,425
Fines, licenses and permits . . . . .	247,314	-	13,009	260,323
Intergovernmental. . . . .	227,480	293,559	270,645	791,684
Investment income. . . . .	23,849	2,370	263	26,482
Contributions and donations. . . . .	9,495	-	3,386	12,881
Other . . . . .	55,981	16,342	6,885	79,208
Total revenues . . . . .	<u>2,907,389</u>	<u>312,271</u>	<u>352,061</u>	<u>3,571,721</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	608,876	-	-	608,876
Security of persons and property:				
Police . . . . .	1,040,103	-	3,142	1,043,245
Fire . . . . .	170,827	-	-	170,827
Public health services . . . . .	481,152	-	-	481,152
Transportation . . . . .	67,760	386,938	142,466	597,164
Leisure time activities:				
Senior Center . . . . .	55,311	-	-	55,311
Parks. . . . .	-	-	82,757	82,757
Pool. . . . .	-	-	70,990	70,990
Community environment . . . . .	-	-	249,937	249,937
Capital outlay . . . . .	62,725	-	-	62,725
Debt service:				
Principal retirement. . . . .	122,735	-	-	122,735
Interest and fiscal charges . . . . .	37,634	-	-	37,634
Total expenditures . . . . .	<u>2,647,123</u>	<u>386,938</u>	<u>549,292</u>	<u>3,583,353</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>260,266</u>	<u>(74,667)</u>	<u>(197,231)</u>	<u>(11,632)</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	-	362	-	362
Transfers in . . . . .	-	-	65,500	65,500
Transfers (out). . . . .	(65,500)	-	-	(65,500)
Total other financing sources (uses). . . . .	<u>(65,500)</u>	<u>362</u>	<u>65,500</u>	<u>362</u>
Net change in fund balances . . . . .	194,766	(74,305)	(131,731)	(11,270)
<b>Fund balances at beginning of year . . . . .</b>	<u>1,324,948</u>	<u>274,836</u>	<u>318,927</u>	<u>1,918,711</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 1,519,714</u>	<u>\$ 200,531</u>	<u>\$ 187,196</u>	<u>\$ 1,907,441</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, 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, 2011

<b>Net change in fund balances - total governmental funds</b>	\$	(11,270)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.		
Capital asset additions	\$ 13,188	
Current year depreciation	(987,783)	
Total		(974,595)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	176,666	
Property taxes	(26,645)	
Intergovernmental revenues	3,527	
Charges for services	465	
Other	(4,535)	
Total		149,478
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		122,735
 In the statement of activities, interest is accrued, whereas in the governmental funds, an interest expenditure is reported when due.		
		8
 Some expenses reported in the statement of activities, such as vacation and compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		(2,524)
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(716,168)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, 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, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Income taxes . . . . .	\$ 1,036,729	\$ 1,036,729	\$ 1,242,299	\$ 205,570
Property taxes . . . . .	237,579	237,579	299,292	61,713
Charges for services. . . . .	329,955	864,254	899,756	35,502
Fines, licenses and permits . . . . .	247,646	247,646	248,453	807
Intergovernmental. . . . .	304,114	304,115	220,945	(83,170)
Investment income. . . . .	19,800	19,800	27,679	7,879
Contributions and donations. . . . .	7,800	7,500	9,495	1,995
Other . . . . .	11,322	23,121	57,151	34,030
Total revenues . . . . .	<u>2,194,945</u>	<u>2,740,744</u>	<u>3,005,070</u>	<u>264,326</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	582,826	620,167	599,367	20,800
Security of persons and property:				
Police . . . . .	1,050,766	1,060,266	1,039,460	20,806
Fire . . . . .	177,510	183,510	176,153	7,357
Public health services . . . . .	44,905	507,571	480,787	26,784
Transportation . . . . .	70,000	72,000	67,213	4,787
Leisure time activities:				
Senior Center . . . . .	56,840	61,450	55,399	6,051
Capital outlay . . . . .	38,562	64,440	62,829	1,611
Debt service:				
Principal retirement. . . . .	122,164	122,164	122,164	-
Interest and fiscal charges . . . . .	36,801	36,801	36,801	-
Total expenditures . . . . .	<u>2,180,374</u>	<u>2,728,369</u>	<u>2,640,173</u>	<u>88,196</u>
Excess of revenues over expenditures . . . . .	<u>14,571</u>	<u>12,375</u>	<u>364,897</u>	<u>352,522</u>
<b>Other financing uses:</b>				
Transfers out. . . . .	<u>(56,000)</u>	<u>(75,500)</u>	<u>(65,500)</u>	<u>10,000</u>
Total other financing uses . . . . .	<u>(56,000)</u>	<u>(75,500)</u>	<u>(65,500)</u>	<u>10,000</u>
Net change in fund balances . . . . .	(41,429)	(63,125)	299,397	362,522
<b>Fund balances at beginning of year . . . . .</b>	1,087,864	1,087,864	1,087,864	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>4,802</u>	<u>4,802</u>	<u>4,802</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,051,237</u>	<u>\$ 1,029,541</u>	<u>\$ 1,392,063</u>	<u>\$ 362,522</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental . . . . .	\$ 310,543	\$ 310,543	\$ 295,351	\$ (15,192)
Investment income . . . . .	719	719	2,370	1,651
Other . . . . .	21,595	21,595	14,791	(6,804)
Total revenues . . . . .	<u>332,857</u>	<u>332,857</u>	<u>312,512</u>	<u>(20,345)</u>
<b>Expenditures:</b>				
Current:				
Transportation . . . . .	380,909	412,309	379,339	32,970
Total expenditures . . . . .	<u>380,909</u>	<u>412,309</u>	<u>379,339</u>	<u>32,970</u>
Excess of expenditures over revenues . . . . .	<u>(48,052)</u>	<u>(79,452)</u>	<u>(66,827)</u>	<u>12,625</u>
<b>Other financing sources:</b>				
Sale of capital assets . . . . .	200	200	362	162
Transfers in . . . . .	90,000	-	-	-
Total other financing sources . . . . .	<u>90,200</u>	<u>200</u>	<u>362</u>	<u>162</u>
Net change in fund balances . . . . .	42,148	(79,252)	(66,465)	12,787
<b>Fund balances at beginning of year . . . . .</b>	208,585	208,585	208,585	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>5,657</u>	<u>5,657</u>	<u>5,657</u>	<u>-</u>
<b>Fund balance at end of year . . . . .</b>	<u>\$ 256,390</u>	<u>\$ 134,990</u>	<u>\$ 147,777</u>	<u>\$ 12,787</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2011

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 309,350	\$ 68,643	\$ 442,858	\$ 820,851
Receivables:				
Accounts . . . . .	118,566	79,858	-	198,424
Accrued interest . . . . .	-	64	-	64
Materials and supplies inventory . . . . .	1,686	1,580	-	3,266
Restricted assets:				
Customer deposits . . . . .	-	139,515	-	139,515
Investments . . . . .	-	50,000	-	50,000
Prepayments . . . . .	9,668	5,356	-	15,024
Total current assets . . . . .	<u>439,270</u>	<u>345,016</u>	<u>442,858</u>	<u>1,227,144</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable capital assets, net. . . . .	78,805	171,949	-	250,754
Depreciable capital assets, net. . . . .	6,953,339	6,402,856	-	13,356,195
Total noncurrent assets . . . . .	<u>7,032,144</u>	<u>6,574,805</u>	<u>-</u>	<u>13,606,949</u>
Total assets . . . . .	<u>7,471,414</u>	<u>6,919,821</u>	<u>442,858</u>	<u>14,834,093</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	16,981	7,884	-	24,865
Accrued wages and benefits payable . . . . .	6,621	2,327	-	8,948
Intergovernmental payable . . . . .	9,288	3,401	-	12,689
Accrued interest payable . . . . .	1,388	1,301	-	2,689
Vacation benefits payable . . . . .	16,241	10,620	-	26,861
Capital lease obligations payable . . . . .	394,124	314,530	-	708,654
OPWC loans payable . . . . .	9,881	3,979	-	13,860
Loan payable . . . . .	-	52,590	-	52,590
Customer deposits payable from restricted assets . . . . .	-	189,515	-	189,515
Total current liabilities . . . . .	<u>454,524</u>	<u>586,147</u>	<u>-</u>	<u>1,040,671</u>
Long-term liabilities:				
Compensated absences payable . . . . .	7,036	5,041	-	12,077
Capital lease obligations payable . . . . .	2,111,259	1,684,886	-	3,796,145
OPWC loans payable . . . . .	128,960	42,024	-	170,984
Loan payable . . . . .	-	256,085	-	256,085
Total long-term liabilities . . . . .	<u>2,247,255</u>	<u>1,988,036</u>	<u>-</u>	<u>4,235,291</u>
Total liabilities . . . . .	<u>2,701,779</u>	<u>2,574,183</u>	<u>-</u>	<u>5,275,962</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt. . .	4,387,920	4,220,711	-	8,608,631
Unrestricted . . . . .	381,715	124,927	442,858	949,500
Total net assets . . . . .	<u>\$ 4,769,635</u>	<u>\$ 4,345,638</u>	<u>\$ 442,858</u>	<u>\$ 9,558,131</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 1,471,543	\$ 902,592	\$ 118,886	\$ 2,493,021
Other operating revenues . . . . .	42	6,756	-	6,798
Total operating revenues. . . . .	<u>1,471,585</u>	<u>909,348</u>	<u>118,886</u>	<u>2,499,819</u>
<b>Operating expenses:</b>				
Personal services . . . . .	541,816	175,399	8,900	726,115
Contractual services . . . . .	226,133	177,290	180,030	583,453
Materials and supplies. . . . .	80,036	71,590	4,808	156,434
Depreciation. . . . .	239,241	158,379	-	397,620
Other . . . . .	147	21,853	-	22,000
Total operating expenses. . . . .	<u>1,087,373</u>	<u>604,511</u>	<u>193,738</u>	<u>1,885,622</u>
Operating income (loss) . . . . .	<u>384,212</u>	<u>304,837</u>	<u>(74,852)</u>	<u>614,197</u>
<b>Nonoperating revenues (expenses):</b>				
Interest and fiscal charges . . . . .	(116,658)	(107,078)	-	(223,736)
Gain on sale of capital assets . . . . .	519	559	-	1,078
Interest income. . . . .	-	64	-	64
Total nonoperating revenues (expenses). . . . .	<u>(116,139)</u>	<u>(106,455)</u>	<u>-</u>	<u>(222,594)</u>
Change in net assets . . . . .	268,073	198,382	(74,852)	391,603
<b>Net assets at beginning of year. . . . .</b>	<u>4,501,562</u>	<u>4,147,256</u>	<u>517,710</u>	<u>9,166,528</u>
<b>Net assets at end of year . . . . .</b>	<u>\$ 4,769,635</u>	<u>\$ 4,345,638</u>	<u>\$ 442,858</u>	<u>\$ 9,558,131</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 1,487,798	\$ 907,054	\$ 187,683	\$ 2,582,535
Cash received from other operations . . . . .	42	4,051	-	4,093
Cash payments for personal services . . . . .	(538,182)	(171,047)	(10,436)	(719,665)
Cash payments for contractual services . . . . .	(217,338)	(184,190)	(200,466)	(601,994)
Cash payments for materials and supplies. . . . .	(104,341)	(73,507)	(4,808)	(182,656)
Cash payments for other expenses . . . . .	(147)	(33,997)	-	(34,144)
Net cash provided by (used in) operating activities . . . . .	<u>627,832</u>	<u>448,364</u>	<u>(28,027)</u>	<u>1,048,169</u>
<b>Cash flows from capital and related financing activities:</b>				
Gain on sale of capital assets . . . . .	519	559	-	1,078
Acquisition of capital assets . . . . .	(24,987)	(15,933)	-	(40,920)
Principal retirement on loans. . . . .	(9,686)	(54,178)	-	(63,864)
Principal retirement on capital leases . . . . .	(378,184)	(301,809)	-	(679,993)
Interest and fiscal charges . . . . .	(116,755)	(107,222)	-	(223,977)
Net cash used in capital and related financing activities. . . . .	<u>(529,093)</u>	<u>(478,583)</u>	<u>-</u>	<u>(1,007,676)</u>
Net increase (decrease) in cash and cash equivalents . . . . .	98,739	(30,219)	(28,027)	40,493
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>210,611</b>	<b>238,377</b>	<b>470,885</b>	<b>919,873</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 309,350</u></b>	<b><u>\$ 208,158</u></b>	<b><u>\$ 442,858</u></b>	<b><u>\$ 960,366</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss) . . . . .	\$ 384,212	\$ 304,837	\$ (74,852)	\$ 614,197
Adjustments:				
Depreciation. . . . .	239,241	158,379	-	397,620
Changes in assets and liabilities:				
Decrease (increase) in materials and supplies inventory . .	437	(385)	-	52
Decrease in accounts receivable . . . . .	16,131	6,677	68,797	91,605
Decrease (increase) in prepayments . . . . .	(5,159)	(645)	1,748	(4,056)
(Decrease) in accounts payable. . . . .	(10,811)	(12,583)	(22,184)	(45,578)
Increase (decrease) in accrued wages and benefits . . . .	798	745	(94)	1,449
(Decrease) in intergovernmental payable. . . . .	(2,030)	(477)	(697)	(3,204)
(Decrease) in compensated absences payable. . . . .	(592)	(796)	(358)	(1,746)
Increase (decrease) in vacation benefits payable . . . . .	5,605	4,756	(387)	9,974
(Decrease) in customer deposits . . . . .	-	(12,144)	-	(12,144)
Net cash provided by (used in) operating activities. . . . .	<u>\$ 627,832</u>	<u>\$ 448,364</u>	<u>\$ (28,027)</u>	<u>\$ 1,048,169</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2011

	<b>Agency</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . . . .	\$ 712
Cash and cash equivalents in segregated accounts. . . . .	3,127
Total assets . . . . .	\$ 3,839
<b>Liabilities:</b>	
Accounts payable . . . . .	\$ 100
Intergovernmental payable. . . . .	3,739
Total liabilities . . . . .	\$ 3,839

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### **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, and Wirt Planning Commission, 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 City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. 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 assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for 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 self-financing or draws from the general revenues of the City.

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

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

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

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

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

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

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



## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

**Proprietary Funds** - Proprietary fund reporting focuses on the determination of operating income, changes in net assets, 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 assets and changes in net assets. 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 all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenditures) in total net assets.

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

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**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 revenues, 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 Revenue** - Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but which were levied to finance year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met also have been recorded as deferred revenue.

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

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

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

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

##### **E. Budget Process**

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

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

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

##### **F. Cash and Cash Equivalents**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool, except for an investment of the Water Enterprise Fund which is invested separately. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has a segregated bank account for monies held separate from the City's central bank account. This depository account is presented as "cash and cash equivalents in segregated accounts" since it is not deposited into the City's treasury. The cash of the Mayor's Court is included in this line item.

During 2011, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following the Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the General Fund and Street and State Highway Special Revenue Funds. Interest revenue credited to the General Fund during 2011 amounted to \$23,849, which includes \$14,386 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**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used. Inventory consists of expendable supplies held for consumption.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2011, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents and investments 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 assets, 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 assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market value as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of U.S. and State roads, City streets, street signs, 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:

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

**K. Compensated Absences**

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

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

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

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

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

**M. Fund Balance**

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

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

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

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

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

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

#### **N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities related to the mayor's court, the City's parks and pool, and law enforcement activities.

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

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

##### P. Contributions of Capital

Contributions of capital in the proprietary fund financial statements can arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. The City did not report any capital contributions during 2011.

##### 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.

#### NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2011, the City has implemented GASB Statement No. 59, "Financial Instruments Omnibus". GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the City.

#### NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General fund and Street fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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);

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

- (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); and,
- (e) Investments are reported at fair value (GAAP basis) rather than cost (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 all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

	General Fund	Street Fund
Budget basis	\$ 299,397	\$ (66,465)
Net adjustment for revenue accruals	(97,681)	(241)
Net adjustment for expenditure accruals	(18,471)	(7,716)
Adjustment for encumbrances	11,521	117
GAAP basis	\$ 194,766	\$ (74,305)

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**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**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:

<u>Fund balance</u>	<u>General</u>	<u>Street</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Materials and supplies inventory	\$ 2,393	\$ 6,306	\$ 288	\$ 8,987
Prepays	<u>14,707</u>	<u>6,247</u>	<u>2,929</u>	<u>23,883</u>
Total nonspendable	<u>17,100</u>	<u>12,553</u>	<u>3,217</u>	<u>32,870</u>
Restricted:				
Street improvements	-	187,978	79,934	267,912
Community development	-	-	13,956	13,956
Law enforcement	-	-	7,080	7,080
Pool improvements	-	-	14,261	14,261
Mayor's Court	-	-	17,374	17,374
Unclaimed monies	20,469	-	-	20,469
Issue II improvements	<u>-</u>	<u>-</u>	<u>4,205</u>	<u>4,205</u>
Total restricted	<u>20,469</u>	<u>187,978</u>	<u>136,810</u>	<u>345,257</u>
Committed:				
Parks and recreation	-	-	35,239	35,239
Swimming pool operations	<u>-</u>	<u>-</u>	<u>11,930</u>	<u>11,930</u>
Total committed	<u>-</u>	<u>-</u>	<u>47,169</u>	<u>47,169</u>
Assigned:				
Law enforcement	2,768	-	-	2,768
Public health	<u>12</u>	<u>-</u>	<u>-</u>	<u>12</u>
Total assigned	<u>2,780</u>	<u>-</u>	<u>-</u>	<u>2,780</u>
Unassigned	<u>1,479,365</u>	<u>-</u>	<u>-</u>	<u>1,479,365</u>
Total fund balances	<u>\$ 1,519,714</u>	<u>\$ 200,531</u>	<u>\$ 187,196</u>	<u>\$ 1,907,441</u>

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### 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.

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

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

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

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

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the City has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$2,772,009 and the bank balance was \$2,815,278. Of the bank balance, \$512,056 was covered by Federal depository insurance; \$2,303,222 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

**NOTE 7 - INTERFUND ACTIVITY**

Interfund transfers during 2011 consisted of the following:

Transfers to	Transfers from General
Nonmajor Special Revenue Funds:	
State Highway	\$1,500
Parks and Recreation	46,000
Swimming Pool	18,000
Total Transfers	\$65,500

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

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 nonmajor Special Revenue Funds were made to supplement any revenue shortfalls.

Internal fund balances between governmental funds are eliminated on the government-wide financial statements; therefore no internal balances at December 31, 2011 are reported on the statement of net assets. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

#### **NOTE 8 - RECEIVABLES**

Receivables at December 31, 2011, consisted of municipal income tax, property taxes, interest, accounts (billings for user charged services including unbilled utility services), and intergovernmental receivables arising from entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

##### **A. Property Taxes**

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 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, 2011 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 2011 operations and the collection of delinquent taxes has been offset by deferred revenue 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 deferred.

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

The full tax rate for all City operations for the year ended December 31, 2011 was \$3.40 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2011 property tax receipts were based are as follows:

Real Property	\$ 102,302,800
Public Utility Tangible Property	<u>3,368,470</u>
Total Assessed Value	<u><u>\$ 105,671,270</u></u>

**B. Income Taxes**

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

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

**C. Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Estate Tax	\$44,796
Local Government	57,759
Gasoline and Excise Tax	133,349
Motor Vehicle License Tax	32,859
Rollback and Homestead	25,439
Other	<u>1,598</u>
	<u><u>\$295,800</u></u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011, was as follows:

<b>Governmental Activities:</b>	<u>Balance</u> 12/31/10	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> 12/31/11
Capital Assets not being Depreciated:				
Land	\$ 2,736,418	\$ -	\$ -	\$ 2,736,418
Construction in Progress	7,910	-	(7,910)	-
Total Capital Assets not being Depreciated	<u>2,744,328</u>	<u>-</u>	<u>(7,910)</u>	<u>2,736,418</u>
Capital Assets being Depreciated:				
Buildings and Improvements	4,300,949	-	-	4,300,949
Machinery and Equipment	826,760	21,098	(3,995)	843,863
Vehicles	2,016,651	-	-	2,016,651
City Streets	21,173,996	-	-	21,173,996
Street Signals	698,289	-	-	698,289
Total Capital Assets being Depreciated	<u>29,016,645</u>	<u>21,098</u>	<u>(3,995)</u>	<u>29,033,748</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,547,300)	(103,223)	-	(1,650,523)
Machinery and Equipment	(491,648)	(68,709)	3,995	(556,362)
Vehicles	(1,462,718)	(102,498)	-	(1,565,216)
City Streets	(13,914,078)	(698,070)	-	(14,612,148)
Street Signals	(421,537)	(15,283)	-	(436,820)
Total Accumulated Depreciation	<u>(17,837,281)</u>	<u>(987,783)</u>	<u>3,995</u>	<u>(18,821,069)</u>
Total Capital Assets being Depreciated, Net	<u>11,179,364</u>	<u>(966,685)</u>	<u>-</u>	<u>10,212,679</u>
Governmental Activities Capital Assets, Net	<u>\$13,923,692</u>	<u>\$ (966,685)</u>	<u>\$ (7,910)</u>	<u>\$ 12,949,097</u>

Depreciation expense was charged to governmental programs as follows:

General Government	\$24,995
Security of Persons and Property:	
Police	44,952
Fire	72,938
Transportation	756,786
Leisure Time Activities:	
Senior Center	8,555
Parks	47,625
Pool	31,932
Total Depreciation Expense	<u>\$987,783</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

<b>Business-Type Activities:</b>	<u>Balance 12/31/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/11</u>
Capital Assets not being Depreciated:				
Land	\$ 250,754	\$ -	\$ -	\$ 250,754
Total Capital Assets not being Depreciated	<u>250,754</u>	<u>-</u>	<u>-</u>	<u>250,754</u>
Capital Assets being Depreciated:				
Buildings and Improvements	790,989	-	-	790,989
Machinery and Equipment	1,178,785	25,030	(2,728)	1,206,543
Vehicles	141,208	15,890	(11,000)	168,098
Infrastructure	16,644,473	-	-	16,644,473
Total Capital Assets being Depreciated	<u>18,755,455</u>	<u>40,920</u>	<u>(13,728)</u>	<u>18,810,103</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(257,705)	(25,055)	-	(282,760)
Machinery and Equipment	(881,525)	(56,237)	2,728	(940,490)
Vehicles	(102,457)	(21,334)	11,000	(134,791)
Infrastructure	(3,800,873)	(294,994)	-	(4,095,867)
Total Accumulated Depreciation	<u>(5,042,560)</u>	<u>(397,620)</u>	<u>13,728</u>	<u>(5,453,908)</u>
Total Capital Assets being Depreciated, Net	<u>13,712,895</u>	<u>(356,700)</u>	<u>-</u>	<u>13,356,195</u>
Business-Type Activities Capital Assets, Net	<u>\$13,963,649</u>	<u>\$ (356,700)</u>	<u>\$ -</u>	<u>\$ 13,606,949</u>

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

In previous years, the City entered into a capitalized lease for energy and pool improvements. This lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. The City made principal payments during 2011 of \$122,264 in the governmental activities and \$679,993 in the business-type activities. Under the terms of the capital lease, the lessor deposited the amount sufficient to capitalize the entire cost of the construction under the lease in an interest-bearing escrow account established by a bank escrow agent and held for the benefit of the City of Belpre. The City requested the escrow agent to disburse payments to the contractor during the construction period as work was completed. The account was closed during 2008 when construction was completed.

The assets constructed through the capital lease are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Property under Capital Lease	\$1,337,675	\$7,503,557
Less Accumulated Depreciation	(99,055)	(467,528)
Total at December 31, 2011	<u>\$1,238,620</u>	<u>\$7,036,029</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2011:

Year Ending December 31,	Governmental Activities	Business-Type Activities	Total
2012	\$ 159,065	\$ 884,670	\$ 1,043,735
2013	159,065	884,670	1,043,735
2014	159,065	884,670	1,043,735
2015	159,065	884,670	1,043,735
2016	159,065	884,670	1,043,735
2017	119,299	663,513	782,812
Total Minimum Lease Payments	914,624	5,086,863	6,001,487
Less: Amount Representing Interest	(104,654)	(582,064)	(686,718)
Present Value of Net Minimum Lease Payments	<u>\$ 809,970</u>	<u>\$ 4,504,799</u>	<u>\$ 5,314,769</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

A schedule of changes in long-term obligations of the City during 2011 follows:

	Principal Outstanding 12/31/10	Additions	Retirements	Principal Outstanding 12/31/11	Amounts Due in One Year
<b>Governmental Activities:</b>					
Capital Lease	\$ 932,234	\$ -	\$ (122,264)	\$ 809,970	\$ 127,417
Police Pension	19,712	-	(471)	19,241	492
Compensated Absences	29,439	48,087	(45,968)	31,558	-
Total Governmental Activities	<u>\$ 981,385</u>	<u>\$ 48,087</u>	<u>\$ (168,703)</u>	<u>\$ 860,769</u>	<u>\$ 127,909</u>
<b>Business-Type Activities:</b>					
OPWC Loans:					
Water Well - 2%	\$ 49,904	\$ -	\$ (3,901)	\$ 46,003	\$ 3,979
Wastewater Treatment Plant - 2%	148,527	-	(9,686)	138,841	9,881
Total OPWC Loans	<u>198,431</u>	<u>-</u>	<u>(13,587)</u>	<u>184,844</u>	<u>13,860</u>
Water Tank Loan - 4.52%	358,952	-	(50,277)	308,675	52,590
Capital Lease	5,184,792	-	(679,993)	4,504,799	708,654
Compensated Absences	13,823	24,064	(25,810)	12,077	-
Total Business-Type Activities	<u>\$ 5,755,998</u>	<u>\$ 24,064</u>	<u>\$ (769,667)</u>	<u>\$ 5,010,395</u>	<u>\$ 775,104</u>

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

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.



**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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

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.

The City's overall legal debt margin was \$11,095,483 at December 31, 2011.

Principal and interest requirements to retire the police pension liability at December 31, 2011, are as follows:

Year	Principal	Interest	Total
2012	\$ 492	\$ 813	\$ 1,305
2013	513	791	1,304
2014	534	770	1,304
2015	558	747	1,305
2016	582	723	1,305
2017-2021	3,297	3,228	6,525
2022-2026	4,054	2,471	6,525
2027-2031	4,985	1,540	6,525
2032-2035	4,226	390	4,616
	<u>\$ 19,241</u>	<u>\$ 11,473</u>	<u>\$ 30,714</u>

Principal and interest requirements to retire the OPWC loans at December 31, 2011, are as follows:

Year	Principal	Interest	Total
2012	\$ 13,860	\$ 3,627	\$ 17,487
2013	14,139	3,349	17,488
2014	14,424	3,065	17,489
2015	14,713	2,775	17,488
2016	15,008	2,480	17,488
2017-2021	79,688	7,752	87,440
2022-2024	33,012	957	33,969
	<u>\$ 184,844</u>	<u>\$ 24,005</u>	<u>\$ 208,849</u>

**CITY OF BELPRE, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

Principal and interest requirements to retire the water tank loan at December 31, 2011, are as follows:

Year	Principal	Interest	Total
2012	\$ 52,590	\$ 13,087	\$ 65,677
2013	55,091	10,586	65,677
2014	200,994	782	201,776
	<u>\$ 308,675</u>	<u>\$ 24,455</u>	<u>\$ 333,130</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 2011, the City contracted with Wells Fargo Insurance Services USA, Inc.

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

Type of Coverage	Limit	Aggregate	Deductible
<b>Property:</b>			
Building and Contents	\$19,729,215		\$1,000
Boiler and Machinery	19,729,215		1,000
Earthquake	2,000,000		50,000
Valuable Papers and Records	250,000		1,000
Business Income with Extra Expenses	250,000		1,000
Computer Equipment	250,000		1,000
<b>Liability:</b>			
General	1,000,000 per Occurrence	\$3,000,000	0
Employee Benefits	1,000,000 per Occurrence	3,000,000	1,000
Public Officials Wrongful Acts	1,000,000 per Occurrence	3,000,000	2,500
Police Professional	1,000,000 per Occurrence	3,000,000	2,500
Ohio Stop Gap	1,000,000 per Occurrence	3,000,000	0
<b>Vehicle:</b>			
Liability	1,000,000		0
Medical Expense	5,000		0
Uninsured/Underinsured	0		0
Hired Car Physical Damage	25,000		
Comprehensive; Collision			1,000;1,000
<b>Crime:</b>			
Inside/Outside Premise	50,000		500
Employee Dishonesty Blanket	250,000		500
Forgery and Alterations	100,000		500

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.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### NOTE 13 - EMPLOYEE BENEFITS

##### A. Insurance

The City provides \$15,000 in life insurance and accidental death and dismemberment insurance for the union employees. The insurance is provided through the AFSCME Care Plan for AFSCME union members and through United Commercial Travelers for police personnel.

The City provides comprehensive major medical insurance for full time employees, other than police, through Medical Mutual and for police through the United Food & Commercial Worker's Union. The City pays 80% of the total monthly premium for the first plan and 100% of the monthly premium for the second plan. Premiums are paid from the same funds that pay the employees' salaries.

##### B. Compensated Absences

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

#### NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and contribution rates were consistent across all three plans. The 2011 member contribution rates were 10.00% for members. The City's contribution rate for 2011 was 14.00% of covered payroll.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

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

The City's contribution rate for pension benefits for members in the Traditional Plan for 2011 was 10.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2011 was 7.95%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$118,382, \$80,212, and \$85,014, respectively; 98.45% has been contributed for 2011 and 100% has been contributed for 2010 and 2009. There were no contributions made to the member-directed plan for 2011 by the City or the plan members.

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

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

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2011, the portion of the City's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$54,550 and \$5,579 for the year ended December 31, 2011, \$70,101 and \$5,427 for the year ended December 31, 2010, and \$76,428, and \$6,457, for the year ended December 31, 2009, respectively. The full amount has been contributed for 2010 and 2009. 96.51% has been contributed for police and 97.90% has been contributed for firefighters for 2011.

#### **NOTE 15 - POSTRETIREMENT BENEFIT PLANS**

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

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

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### **NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2011 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2011 was 6.05%.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$47,458, \$44,562, and \$55,009, respectively; 98.45% has been contributed for 2011 and 100% has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

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

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

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

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

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

## CITY OF BELPRE, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

#### **NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$28,879 and \$2,183 for the year ended December 31, 2011, \$37,112 and \$2,124 for the year ended December 31, 2010, and \$40,462 and \$2,527 for the year ended December 31, 2009, respectively. The full amount has been contributed for 2010 and 2009. 96.51% has been contributed for police and 97.90% has been contributed for firefighters for 2011.

#### **NOTE 16 - CONTINGENT LIABILITIES**

##### **A. Litigation**

The City is currently to party legal proceedings seeking damages against the City as confirmed by the City Law Director. The possible outcome or effects on the financial statements cannot be determined at year end.

##### **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, 2011

**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 2011, the Corporation did not receive any administrative fees from the City. These fees were received by the Corporation directly from the granting agencies. The continued existence of the Corporation is not dependent on the City's continued participation and the City does not have an equity interest in the Corporation.

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

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is composed of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives including the Mayor of the City of Belpre. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. During 2011, the City of Belpre contributed \$2,178. 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.

**NOTE 18 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 2,354
Street fund	117
Other governmental funds	780
Total	<u>\$ 3,251</u>

**CITY OF BELPRE, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 19 - SANITATION**

On April 1, 2011, the City began providing and accounting for their sanitation services out of the General Fund.

**NOTE 20 - SIGNIFICANT SUBSEQUENT EVENT**

Effective January 1, 2012, the City began using the Regional Income Tax Agency for its income tax collection services.





## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

City of Belpre  
715 Park Drive  
Belpre, Ohio 45714

To the Members of Council and Mayor:

We have audited 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, 2011, which collectively comprise the City of Belpre's basic financial statements and have issued our report thereon dated May 25, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### Internal Control Over Financial Reporting

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

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

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

Members of Council and Mayor  
City of Belpre

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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City of Belpre's management in a separate letter dated May 25, 2012.

We intend this report solely for the information and use of the management and Members of Council and Mayor of the City of Belpre and others within the City of Belpre. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
May 25, 2012

**CITY OF BELPRE  
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-COB-001	<u>Significant Deficiency - Financial Statement Reporting</u> - The City had a prior period adjustment related to accumulated depreciation and net assets.	Yes	N/A
2010-COB-002	Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure must be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.	Yes	N/A
2010-COB-003	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	Yes	N/A
2010-COB-004	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	Partially	Moved to Management Letter

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# Dave Yost • Auditor of State

CITY OF BELPRE

WASHINGTON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 24, 2012