



Dave Yost • Auditor of State



**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – As of December 31, 2014 .....	13
Statement of Activities – For the Year Ended December 31, 2014 .....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds – As of December 31, 2014.....	16
Reconciliation of Total Governmental Fund Balances to Net Position Of Governmental Activities – December 31, 2014.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds – For the Year Ended December 31, 2014 .....	20
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, 2014.....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP Basis) and Actual - General Fund – For the Year Ended December 31, 2014.....	24
Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP Basis) and Actual – Street Department Fund – For the Year Ended December 31, 2014.....	25
Statement of Net Position - Proprietary Funds – As of December 31, 2014 .....	26
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds – For the Year Ended December 31, 2014 .....	28
Statement of Cash Flows - Proprietary Funds – For the Year Ended December 31, 2014 .....	30
Statement of Fiduciary Net Position – Fiduciary Funds – As of December 31, 2014.....	32
Statement of Changes in Fiduciary Net Position - Fiduciary Funds – For the Year Ended December 31, 2014.....	33
Notes to the Basic Financial Statements .....	35

CITY OF BELLEFONTAINE  
LOGAN COUNTY

TABLE OF CONTENTS  
(Continued)

<u>TITLE</u>	<u>PAGE</u>
Schedule of Expenditures of Federal Awards – For the Year Ended December 31, 2014 .....	57
Notes to the Schedule of Expenditures of Federal Awards .....	58
Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	59
Independent Auditor’s Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	61
Schedule of Findings.....	63



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Street Department Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 20, 2015

**This page intentionally left blank.**

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

This discussion and analysis of the City of Bellefontaine's (City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$71.8 million (net position). Of this amount, \$10.9 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$3.8 million.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately \$7.3 million, an increase of \$507,869 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2.5 million, or 32 percent of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

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

*Statement of Net Position and Statement of Activities*

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities – Most of the City's services are reported here including police, fire, administration and all departments, except utilities.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

- Business-Type Activities – The business-type activities of the City primarily consist of water distribution, sewage collection and treatment, refuse collection, and airport administration.

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

*Fund Financial Statements*

Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City's major funds are the General, Capital Improvement, Reconstruction Improvement, Street Department, Water, Sewer, Airport, and Garbage Funds.

*Governmental Funds*

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

The City's governmental activities are accounted for in 47 individual funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Improvement, Reconstruction Improvement and Street Department Fund, which are considered to be the City's major governmental funds. Data from the other 43 governmental funds are combined into a single, aggregated presentation.

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

*Proprietary Funds*

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

*Fiduciary Funds*

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

*Notes to the basic financial statements*

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

**THE CITY OF BELLEFONTAINE AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2014 compared to 2013.

**TABLE 1  
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 10,039,961	\$ 9,911,924	\$ 6,299,199	\$ 6,200,277	\$ 16,339,160	\$ 16,112,201
Capital assets	25,587,199	27,646,416	36,243,809	36,524,371	61,831,008	64,170,787
<b>Total Assets</b>	<b>35,627,160</b>	<b>37,558,340</b>	<b>42,543,008</b>	<b>42,724,648</b>	<b>78,170,168</b>	<b>80,282,988</b>
Current liabilities	1,234,590	576,020	494,959	418,412	1,729,549	994,432
Long-term liabilities	2,202,446	2,068,139	5,777,602	4,922,383	7,980,048	6,990,522
<b>Total Liabilities</b>	<b>3,437,036</b>	<b>2,644,159</b>	<b>6,272,561</b>	<b>5,340,795</b>	<b>9,709,597</b>	<b>7,984,954</b>
Deferred Inflows of Resources	515,481	536,828	-	-	515,481	536,828
Net Position:						
Net Investment in capital assets	24,561,276	26,723,860	31,674,522	31,951,305	56,235,798	58,675,165
Restricted	1,678,333	2,181,987	-	-	1,678,333	2,181,987
Unrestricted	5,435,034	5,471,506	4,595,925	5,432,548	10,030,959	10,904,054
<b>Total Net Position</b>	<b>\$ 31,674,643</b>	<b>\$ 34,377,353</b>	<b>\$ 36,270,447</b>	<b>\$ 37,383,853</b>	<b>\$ 67,945,090</b>	<b>\$ 71,761,206</b>

By far the largest portion of the City's net position (82 percent) reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive net position balances in each of its governmental and business-type activities net position classifications. Unrestricted net position of approximately \$5.5 million and \$5.4 million in the governmental and business-type activities, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

In the Government Activities, capital assets increased significantly in comparison with the prior year. This increase is primarily the result of \$2.0 million contribution of land during the year. Current liabilities decreased significantly, primarily as a result of a decrease in accounts payable related to the Historical Society Fund, which was completed in 2014.

In the Business-type Activities, long-term liabilities decreased significantly, primarily due to principal payments during the year of \$822,669.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

Table 2 shows the changes in net position for the year ended December 31, 2014 and 2013.

**TABLE 2  
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Program revenues:						
Charges for services	\$ 1,231,279	\$ 1,269,757	\$ 6,290,900	\$ 6,425,336	\$ 7,522,179	\$ 7,695,093
Grants and contributions	4,316,837	4,640,807	6,932	-	4,323,769	4,640,807
General revenues:						
Property taxes	571,090	575,675	-	-	571,090	575,675
Income taxes	6,378,431	5,797,171	-	-	6,378,431	5,797,171
Other local taxes	58,280	54,466	-	-	58,280	54,466
Unrestricted grants	468,730	272,671	-	-	468,730	272,671
Investment earnings	31,198	38,631	1,405	512	32,603	39,143
Other	386,953	315,494	84,669	78,102	471,622	393,596
Total revenues	<u>13,442,798</u>	<u>12,964,672</u>	<u>6,383,906</u>	<u>6,503,950</u>	<u>19,826,704</u>	<u>19,468,622</u>
Expenses:						
General government	2,164,253	2,275,668	-	-	2,164,253	2,275,668
Public safety	4,179,308	4,223,690	-	-	4,179,308	4,223,690
Public works	324,705	264,193	-	-	324,705	264,193
Health	165,437	161,757	-	-	165,437	161,757
Conservation and recreation	681,260	1,414,596	-	-	681,260	1,414,596
Economic development	3,073,895	442,897	-	-	3,073,895	442,897
Transportation	1,352,464	1,175,741	-	-	1,352,464	1,175,741
Interest on long-term debt	24,557	21,086	-	-	24,557	21,086
Water	-	-	1,593,427	1,804,997	1,593,427	1,804,997
Sewer	-	-	1,819,260	2,219,957	1,819,260	2,219,957
Airport	-	-	321,770	382,164	321,770	382,164
Garbage	-	-	793,003	838,143	793,003	838,143
Parking Meter	-	-	13,674	11,044	13,674	11,044
Ambulance	-	-	538,912	414,664	538,912	414,664
Other	-	-	1,127	1,909	1,127	1,909
Total expenses	<u>11,965,879</u>	<u>9,979,628</u>	<u>5,081,173</u>	<u>5,672,878</u>	<u>17,047,052</u>	<u>15,652,506</u>
Increase/Decrease in net position before transfers	1,476,919	2,985,044	1,302,733	831,072	2,779,652	3,816,116
Transfers	(239,000)	(282,334)	239,000	282,334	-	-
Change in net position	<u>\$ 1,237,919</u>	<u>\$ 2,702,710</u>	<u>\$ 1,541,733</u>	<u>\$ 1,113,406</u>	<u>\$ 2,779,652</u>	<u>\$ 3,816,116</u>
Net position, beginning	30,436,724	31,674,643	34,728,714	36,270,447	65,165,438	67,945,090
Net position, ending	<u>\$ 31,674,643</u>	<u>\$ 34,377,353</u>	<u>\$ 36,270,447</u>	<u>\$ 37,383,853</u>	<u>\$ 67,945,090</u>	<u>\$ 71,761,206</u>

In the governmental activities, total expenses decreased significantly in comparison with the prior year. This decrease is primarily the result of a decrease in economic development expenses related to the Historical Society Fund project, which was substantially completed in 2013.

In business-type activities, total expenses increased significantly in comparison with the prior year. This increase is primarily the result of increase in depreciation expense in both the water fund and sewer fund.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

**Total versus Net Cost of Services**

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

**TABLE 3**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2013	2014	2013	2014
<b>Governmental Activities:</b>				
General government	\$ (2,164,253)	\$ (2,275,668)	\$ (1,198,942)	\$ (1,187,579)
Public safety	(4,179,308)	(4,223,690)	(3,970,930)	(4,034,407)
Public works	(324,705)	(264,193)	(324,705)	(264,193)
Health	(165,437)	(161,757)	(107,333)	(109,367)
Conservation and recreation	(681,260)	(1,414,596)	(533,664)	1,511,153
Economic development	(3,073,895)	(442,897)	(610,842)	(43,511)
Transportation	(1,352,464)	(1,175,741)	353,210	79,926
Interest on long-term debt	(24,557)	(21,086)	(24,557)	(21,086)
<b>Total Governmental Activities</b>	<b>(11,965,879)</b>	<b>(9,979,628)</b>	<b>(6,417,763)</b>	<b>(4,069,064)</b>
<b>Business-Type Activities:</b>				
Water	(1,593,427)	(1,804,997)	377,532	269,355
Sewer	(1,819,260)	(2,219,957)	977,003	597,749
Airport	(321,770)	(382,164)	(230,550)	(288,068)
Garbage	(793,003)	(838,143)	183,333	141,510
Parking Meter	(13,674)	(11,044)	(7,231)	(2,891)
Ambulance	(538,912)	(414,664)	(82,301)	36,712
Other	(1,127)	(1,909)	(1,127)	(1,909)
<b>Total Business-Type Activities</b>	<b>(5,081,173)</b>	<b>(5,672,878)</b>	<b>1,216,659</b>	<b>752,458</b>
<b>Grand Total</b>	<b>\$ (17,047,052)</b>	<b>\$ (15,652,506)</b>	<b>\$ (5,201,104)</b>	<b>\$ (3,316,606)</b>

In the governmental activities, the City's reliance upon general tax revenues is demonstrated by the net cost of services column above reflecting the need for approximately \$4.1 million of support.

**THE CITY'S FUNDS**

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

*Governmental Funds*

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.3 million, a \$507,869 increase from the previous year.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 and 2013.

	<u>Fund Balance</u> <u>12/31/2013</u>	<u>Fund Balance</u> <u>12/31/2014</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 3,087,916	\$ 2,950,399	\$ (137,517)
Capital improvements	2,597,251	2,559,868	(37,383)
Reconstruction Improvement	(335,891)	(259,580)	76,311
Street Department	131,248	205,011	73,763
Other Governmental	1,291,651	1,824,346	532,695
Total	<u>\$ 6,772,175</u>	<u>\$ 7,280,044</u>	<u>\$ 507,869</u>

*General Fund*

The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$2.5 million, or 32 percent of total general fund expenditures. The fund balance of the City's general fund decreased \$137,517 during the current year. This decrease is the result of transfers to other funds, which totaled \$443,763 during the year.

*Capital Improvements Fund*

The Capital Improvements Fund accounts for the accumulation of financial resources to be used for the acquisition or construction of major capital facilities. The capital improvement funds' fund balance decreased \$37,383 during the fiscal year. This decrease represents the amount in which debt principal payments exceeded interest earnings during the year.

*Reconstruction Improvement Fund*

The Reconstruction Improvement Fund accounts for the accumulation of financial resources to be used for the reconstruction and improvement of major capital facilities. The reconstruction improvement funds' fund balance increased \$76,311 during the year. This increase is a result of grant revenues exceeding capital outlay expenditures in the fund.

*Street Department Fund*

The Street Department Fund accounts for the accumulation of financial resources to be used for the construction and maintenance of city streets. The street department funds' fund balance increased \$73,763 during the year. This increase is a result of intergovernmental revenues and other revenue exceeding transportation and capital outlay expenditures in the fund.

*Other Governmental Funds*

The fund balance of the City's Other Governmental Funds increased \$532,695 in comparison with the prior year. This increase represents the amount in which program revenues and transfers in from the General Fund exceeded program expenditures during the year.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

*Proprietary Funds*

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

Total net position in the Water Fund was \$10.4 million at year-end, an increase of \$307,989 in comparison with the prior year. This increase primarily consists of operating income of \$346,057.

Total net position in the Sewer Fund was \$15.7 million at year-end, an increase of \$613,442 in comparison with the prior year. This increase primarily consists of operating income of \$667,288.

Total net position in the Airport Fund was \$9.1 million at year-end, a decrease of \$13,052 in comparison with the prior year. This decrease primarily represents the amount in which transfers in from the General Fund exceeded an operating loss of \$230,085.

Total net position in the Garbage Fund was \$1.0 million at year-end, an increase of \$166,906 in comparison with the prior year. This increase represents operating income.

Unrestricted net position in the Nonmajor Enterprise Funds at the end of the year amounted to \$1.1 million, an increase of \$38,121 in comparison with the prior year. By far, the most significant nonmajor enterprise fund is the ambulance fund. Total net position of the ambulance fund increased \$36,732 during the year as a result of operations.

**General Fund Budgetary Information**

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

The City's final amended revenue estimate exceeded the actual revenues by only \$133,641. The variance between the final amended revenue estimate and the original revenue estimate was insignificant.

The final amended appropriations exceeded actual expenditures and other financing uses by \$320,858. The variance between the final amended appropriations and the original appropriation resolution was insignificant.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

**Capital Assets**

The City's investment in capital assets for governmental activities as of December 31, 2014 totals \$27.6 million (net of accumulated depreciation), an increase of approximately \$2.1 million in comparison with the prior year. This investment in capital assets includes land, land improvements, buildings, equipment, furniture, vehicles, and infrastructure. This increase represents the amount in which current year acquisitions (\$3.1 million) exceeded current year depreciation (\$1.0 million) and disposals (\$112,128).

The City's investment in capital assets for business-type activities as of December 31, 2014 totals \$36.5 million (net of accumulated depreciation), an increase of \$280,562 in comparison with the prior year. This increase represents the amount in which current year acquisitions (\$1.4 million) exceeded current year depreciation (1.1 million) and disposals (\$59,570).

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

**Debt**

At the end of the current year, the City had total debt outstanding of \$5.5 million. Of this amount, \$4.8 million represents bonds backed by the full faith and credit of the City and the remaining \$725,622 represents interest free loans.

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

**Contacting the City Auditor's Department**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact Jack Reser, City Auditor, 135 North Detroit Street, Bellefontaine, Ohio 43311-1474.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Pooled cash and cash equivalents	\$ 6,931,929	\$ 4,100,303	\$ 11,032,232
Investments	1,085,900	-	1,085,900
Receivables:			
Taxes	1,795,771	-	1,795,771
Accounts	29,277	1,475,345	1,504,622
Intergovernmental	447,270	-	447,270
Internal balances	(500,000)	500,000	-
Materials and supplies inventory	91,134	115,919	207,053
Prepaid items	30,643	8,710	39,353
Nondepreciable capital assets	8,026,921	1,784,949	9,811,870
Depreciable capital assets, net	19,619,495	34,739,422	54,358,917
Total assets	<u>37,558,340</u>	<u>42,724,648</u>	<u>80,282,988</u>
<b>Liabilities</b>			
Accounts payable	115,228	90,066	205,294
Accrued wages and benefits	220,433	68,151	288,584
Intergovernmental payable	189,303	51,432	240,735
Unearned Revenue	49,431	-	49,431
Interest payable	1,625	12,087	13,712
Retainage payable	-	11,085	11,085
Refundable deposits	-	185,591	185,591
Long-term liabilities			
Due within one year	590,966	603,865	1,194,831
Due in more than one year	1,477,173	4,318,518	5,795,691
Total liabilities	<u>2,644,159</u>	<u>5,340,795</u>	<u>7,984,954</u>
<b>Deferred Inflows of Resources:</b>			
Property and other local taxes	536,828	-	536,828
Total deferred inflows of resources	<u>536,828</u>	<u>-</u>	<u>536,828</u>
<b>Net Position</b>			
Net investment in capital assets	26,723,860	31,951,305	58,675,165
Restricted for:			
Capital projects	159,783	-	159,783
Debt service	78,388	-	78,388
Street maintenance and repair	423,812	-	423,812
Public safety	443,698	-	443,698
Economic development	51,730	-	51,730
Health	474,386	-	474,386
Judicial	550,190	-	550,190
Unrestricted	5,471,506	5,432,548	10,904,054
Total net position	<u>\$ 34,377,353</u>	<u>\$ 37,383,853</u>	<u>\$ 71,761,206</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 2,275,668	\$ 1,015,945	\$ 72,144	\$ -
Public safety	4,223,690	41,742	147,541	-
Public works	264,193	-	-	-
Health	161,757	51,830	560	-
Conservation and recreation	1,414,596	127,932	28,575	2,769,242
Economic development	442,897	5,730	190,569	203,087
Transportation	1,175,741	26,578	569,660	659,429
Interest on long-term debt	21,086	-	-	-
<b>Total governmental activities</b>	<b>9,979,628</b>	<b>1,269,757</b>	<b>1,009,049</b>	<b>3,631,758</b>
<b>Business-type Activities:</b>				
Water	1,804,997	2,074,352	-	-
Sewer	2,219,957	2,817,706	-	-
Airport	382,164	94,096	-	-
Garbage	838,143	979,653	-	-
Parking meter	11,044	8,153	-	-
Ambulance	414,664	451,376	-	-
Other	1,909	-	-	-
<b>Total business-type activities</b>	<b>5,672,878</b>	<b>6,425,336</b>	<b>-</b>	<b>-</b>
<b>Total government</b>	<b>\$ 15,652,506</b>	<b>\$ 7,695,093</b>	<b>\$ 1,009,049</b>	<b>\$ 3,631,758</b>

General Revenues:

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

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,187,579)	\$ -	\$ (1,187,579)
(4,034,407)	-	(4,034,407)
(264,193)	-	(264,193)
(109,367)	-	(109,367)
1,511,153	-	1,511,153
(43,511)	-	(43,511)
79,926	-	79,926
(21,086)	-	(21,086)
<u>(4,069,064)</u>	<u>-</u>	<u>(4,069,064)</u>
-	269,355	269,355
-	597,749	597,749
-	(288,068)	(288,068)
-	141,510	141,510
-	(2,891)	(2,891)
-	36,712	36,712
-	(1,909)	(1,909)
<u>-</u>	<u>752,458</u>	<u>752,458</u>
<u>(4,069,064)</u>	<u>752,458</u>	<u>(3,316,606)</u>
575,675	-	575,675
5,797,171	-	5,797,171
54,466	-	54,466
272,671	-	272,671
38,631	512	39,143
315,494	78,102	393,596
(282,334)	282,334	-
<u>6,771,774</u>	<u>360,948</u>	<u>7,132,722</u>
2,702,710	1,113,406	3,816,116
31,674,643	36,270,447	67,945,090
<u>\$ 34,377,353</u>	<u>\$ 37,383,853</u>	<u>\$ 71,761,206</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2014

	General Fund	Capital Improvement Fund	Reconstruction Improvement Fund	Street Department Fund
<b>Assets:</b>				
Pooled cash and cash equivalents	\$ 2,749,439	\$ 1,363,870	\$ 240,420	\$ 244,850
Investments	-	1,000,000	-	-
Receivables:				
Taxes	1,668,162	-	-	-
Accounts	18,526	-	-	-
Intergovernmental	138,574	-	-	259,803
Prepaid items	26,123	-	-	2,287
Materials and supplies inventory	-	-	-	91,134
Advances to other funds	-	196,000	-	-
Total assets	<u>\$ 4,600,824</u>	<u>\$ 2,559,870</u>	<u>\$ 240,420</u>	<u>\$ 598,074</u>
<b>Liabilities:</b>				
Accounts payable	\$ 82,516	\$ 2	\$ -	\$ 11,240
Accrued wages and benefits	208,663	-	-	7,255
Intergovernmental payable	180,064	-	-	5,366
Compensated absences payable	24,517	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	500,000	196,000
Total liabilities	<u>495,760</u>	<u>2</u>	<u>500,000</u>	<u>219,861</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue	731,004	-	-	173,202
Property and other local taxes	423,661	-	-	-
Total deferred inflows of resources	<u>1,154,665</u>	<u>-</u>	<u>-</u>	<u>173,202</u>
<b>Fund Balances:</b>				
Nonspendable:				
Materials and supplies inventory	-	-	-	91,134
Prepaid items	26,123	-	-	2,287
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Street maintenance and repair	-	-	-	111,590
Public safety	-	-	-	-
Economic development	-	-	-	-
Health	-	-	-	-
Judicial	-	-	-	-
Conservation and recreation	-	-	-	-
Assigned for:				
Future appropriations	229,860	-	-	-
Conservation and recreation	8,826	-	-	-
Capital projects	-	2,559,868	-	-
General government	119,342	-	-	-
Judicial	715	-	-	-
Public safety	39,744	-	-	-
Public works	7,025	-	-	-
Transportation	27,931	-	-	-
Unassigned	2,490,833	-	(259,580)	-
Total fund balances	<u>2,950,399</u>	<u>2,559,868</u>	<u>(259,580)</u>	<u>205,011</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,600,824</u>	<u>\$ 2,559,870</u>	<u>\$ 240,420</u>	<u>\$ 598,074</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,801,584	\$ 6,400,163
85,900	1,085,900
127,609	1,795,771
10,751	29,277
48,893	447,270
63	28,473
-	91,134
-	196,000
<u>\$ 2,074,800</u>	<u>\$ 10,073,988</u>
\$ 21,470	\$ 115,228
4,515	220,433
3,873	189,303
-	24,517
49,431	49,431
-	696,000
<u>79,289</u>	<u>1,294,912</u>
57,998	962,204
113,167	536,828
<u>171,165</u>	<u>1,499,032</u>
-	91,134
63	28,473
24,654	24,654
79,955	79,955
31,556	143,146
437,595	437,595
63,430	63,430
468,136	468,136
642,017	642,017
5,529	5,529
-	229,860
4,384	13,210
70,850	2,630,718
-	119,342
-	715
-	39,744
-	7,025
-	27,931
(3,823)	2,227,430
<u>1,824,346</u>	<u>7,280,044</u>
<u>\$ 2,074,800</u>	<u>\$ 10,073,988</u>

See accompanying notes to the basic financial statements.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2014

<b>Total Governmental Fund Balances</b>	\$ 7,280,044
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	27,646,416
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Delinquent property taxes receivable	49,383
Income taxes receivable	590,453
Accounts receivable	6,250
Intergovernmental receivable	316,118
Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net position.	
Unamortized premium on bonds	(5,426)
Internal service funds are used by management to charge the costs of health care to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	533,936
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	(1,115,640)
General obligation debt	(922,556)
Accrued interest payable	(1,625)
<b>Net Position of Governmental Activities</b>	<b>\$ 34,377,353</b>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	General Fund	Capital Improvement Fund	Reconstruction Improvement Fund	Street Department Fund
<b>Revenues:</b>				
Property taxes	\$ 435,779	\$ -	\$ -	\$ -
Income taxes	5,899,046	-	-	-
Other local taxes	24,500	-	-	-
Charges for services	137,742	-	-	-
Licenses, permits and fees	105,256	-	-	-
Fines and forfeitures	701,810	-	-	-
Intergovernmental	643,384	-	280,196	520,211
Interest	32,324	4,369	-	500
Rent	-	-	-	-
Donations and contributions	-	-	-	-
Refunds and reimbursements	86,566	-	8,515	17,797
Other	31,259	-	-	-
<b>Total revenues</b>	<b>8,097,666</b>	<b>4,369</b>	<b>288,711</b>	<b>538,508</b>
<b>Expenditures:</b>				
General government:				
Legislative and executive	1,392,560	-	-	-
Judicial	610,182	-	-	-
Public safety	4,170,730	-	-	-
Public works	25,286	-	-	-
Health	101,935	-	-	-
Conservation and recreation	571,909	-	-	-
Economic development	63,133	-	-	-
Transportation	272,117	-	-	409,589
Capital outlay	539,659	-	212,400	60,515
Debt service:				
Principal retirement	30,963	41,732	-	-
Interest and fiscal charges	15,623	20	-	-
<b>Total expenditures</b>	<b>7,794,097</b>	<b>41,752</b>	<b>212,400</b>	<b>470,104</b>
Excess (Deficiency) of revenues over (under) expenditures	303,569	(37,383)	76,311	68,404
<b>Other financing sources (uses):</b>				
Proceeds from sale of capital assets	752	-	-	-
Transfers in	1,925	-	-	5,359
Transfers out	(443,763)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(441,086)</b>	<b>-</b>	<b>-</b>	<b>5,359</b>
<b>Net Change in fund balances</b>	<b>(137,517)</b>	<b>(37,383)</b>	<b>76,311</b>	<b>73,763</b>
Fund balance at beginning of year	3,087,916	2,597,251	(335,891)	131,248
<b>Fund balance at end of year</b>	<b>\$ 2,950,399</b>	<b>\$ 2,559,868</b>	<b>\$ (259,580)</b>	<b>\$ 205,011</b>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 138,282	\$ 574,061
-	5,899,046
29,966	54,466
29,968	167,710
182,069	287,325
155,140	856,950
1,513,920	2,957,711
1,438	38,631
6,980	6,980
124,376	124,376
3,110	115,988
11,141	42,400
<u>2,196,390</u>	<u>11,125,644</u>
-	1,392,560
165,203	775,385
32,812	4,203,542
-	25,286
56,886	158,821
30,026	601,935
339,034	402,167
23,553	705,259
1,091,627	1,904,201
70,000	142,695
8,699	24,342
<u>1,817,840</u>	<u>10,336,193</u>
378,550	789,451
-	752
163,284	170,568
(9,139)	(452,902)
<u>154,145</u>	<u>(281,582)</u>
532,695	507,869
1,291,651	6,772,175
<u>\$ 1,824,346</u>	<u>\$ 7,280,044</u>

See accompanying notes to the basic financial statements.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2014

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 507,869</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital outlays	3,144,255
Depreciation	(972,910)
The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and disposals) is to decrease net position.	(112,128)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent property taxes	1,614
Income taxes	(101,875)
Charges for services	275
Intergovernmental revenues	(182,609)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not result in an expense in the statement of activities.	142,695
Governmental funds report the effect of debt proceeds, bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Amortization of premium on bonds	2,854
Internal service funds are used by management to charge the costs of health care to individual funds. The net revenue (expense) of activities of the internal service fund is reported with governmental activities.	258,993
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Compensated absences	13,275
Accrued interest	402
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 2,702,710</b>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Property taxes	\$ 432,465	\$ 446,200	\$ 441,562	\$ (4,638)
Income taxes	6,299,914	6,000,000	5,891,387	(108,613)
Other local taxes	19,384	20,000	24,500	4,500
Charges for services	31,984	33,000	32,040	(960)
Licenses, permits and fees	82,141	84,750	90,487	5,737
Fines and forfeitures	602,175	621,300	701,810	80,510
Intergovernmental	501,946	627,888	642,942	15,054
Interest	19,384	20,000	32,324	12,324
Refunds and reimbursements	243,331	641,057	486,566	(154,491)
Other	1,938	2,000	31,259	29,259
Total revenues	<u>8,234,662</u>	<u>8,496,195</u>	<u>8,374,877</u>	<u>(121,318)</u>
<b>Expenditures</b>				
General government:				
Legislative and executive	1,561,273	1,704,882	1,575,519	129,363
Judicial	587,088	624,456	591,008	33,448
Public safety	4,104,551	4,336,974	4,220,216	116,758
Public works	408,764	419,054	425,825	(6,771)
Health	40,804	102,500	101,935	565
Economic development	51,000	53,000	51,883	1,117
Transportation	312,924	338,585	309,646	28,939
Capital outlay	716,350	561,548	560,234	1,314
Debt service:				
Principal retirement	30,963	30,963	30,963	-
Interest and fiscal charges	16,623	16,623	15,623	1,000
Bond issuance costs	-	-	-	-
Total expenditures	<u>7,830,340</u>	<u>8,188,585</u>	<u>7,882,852</u>	<u>305,733</u>
Excess of Revenues Over/ (Under) Expenditures	404,322	307,610	492,025	184,415
<b>Other Financing Sources/(Uses)</b>				
Proceeds from sale of capital assets	-	-	752	752
Transfers in	14,538	15,000	1,925	(13,075)
Transfers out	(896,388)	(896,388)	(881,263)	15,125
Total other financing sources/(uses)	<u>(881,850)</u>	<u>(881,388)</u>	<u>(878,586)</u>	<u>2,802</u>
Net change in fund balance	(477,528)	(573,778)	(386,561)	187,217
Fund balances at beginning of year	2,454,203	2,454,203	2,454,203	-
Prior year encumbrances appropriated	387,325	387,325	387,325	-
Fund balances at end of year	<u>\$ 2,364,000</u>	<u>\$ 2,267,750</u>	<u>\$ 2,454,967</u>	<u>\$ 187,217</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
STREET DEPARTMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Intergovernmental	517,000	517,000	518,541	1,541
Interest	-	-	500	500
Refunds and reimbursements	13,000	13,000	17,797	4,797
Total revenues	<u>530,000</u>	<u>530,000</u>	<u>536,838</u>	<u>6,838</u>
<b>Expenditures</b>				
Transportation	586,274	588,614	567,571	21,043
Capital outlay	60,515	60,515	60,515	-
Total expenditures	<u>646,789</u>	<u>649,129</u>	<u>628,086</u>	<u>21,043</u>
Excess of revenues over/ (under) expenditures	(116,789)	(119,129)	(91,248)	27,881
<b>Other Financing Sources/(Uses)</b>				
Transfers in	-	-	5,359	5,359
Advance out	(28,000)	(28,000)	(28,000)	-
Total other financing sources/(uses)	<u>(28,000)</u>	<u>(28,000)</u>	<u>(22,641)</u>	<u>5,359</u>
Net change in fund balance	(144,789)	(147,129)	(113,889)	33,240
Fund balances at beginning of year	159,421	159,421	159,421	-
Prior year encumbrances appropriated	79,469	79,469	79,469	-
Fund balances at end of year	<u>\$ 94,101</u>	<u>\$ 91,761</u>	<u>\$ 125,001</u>	<u>\$ 33,240</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Assets</b>				
Current assets:				
Pooled cash and cash equivalents	\$ 876,993	\$ 1,660,141	\$ 145,241	\$ 877,862
Receivables:				
Accounts	401,555	592,494	-	119,320
Prepaid items	739	720	141	-
Materials and supplies inventory	109,182	6,737	-	-
Total current assets	<u>1,388,469</u>	<u>2,260,092</u>	<u>145,382</u>	<u>997,182</u>
Noncurrent assets:				
Advances to other funds	-	500,000	-	-
Depreciable capital assets, net	9,800,397	15,240,345	9,460,556	44,415
Nondepreciable capital assets	719,204	103,820	745,305	-
Total noncurrent assets	<u>10,519,601</u>	<u>15,844,165</u>	<u>10,205,861</u>	<u>44,415</u>
Total assets	<u>11,908,070</u>	<u>18,104,257</u>	<u>10,351,243</u>	<u>1,041,597</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	30,996	29,542	14,495	13,527
Accrued wages and benefits	27,617	24,258	-	4,344
Intergovernmental payable	18,291	19,761	-	3,005
Interest payable	3,108	4,453	4,526	-
Retainage payable	-	11,085	-	-
Refundable deposits	-	-	-	-
Notes payable	712	22,920	-	-
Bonds payable	78,755	280,446	109,116	-
Compensated absences	37,836	44,791	-	6,578
Total current liabilities	<u>197,315</u>	<u>437,256</u>	<u>128,137</u>	<u>27,454</u>
Noncurrent liabilities:				
Notes payable	6,765	337,320	-	-
Bonds payable	1,148,886	1,539,717	1,075,045	-
Compensated absences	128,268	54,906	-	7,634
Total Noncurrent Liabilities	<u>1,283,919</u>	<u>1,931,943</u>	<u>1,075,045</u>	<u>7,634</u>
Total liabilities	<u>1,481,234</u>	<u>2,369,199</u>	<u>1,203,182</u>	<u>35,088</u>
<b>Net Position</b>				
Net investment in capital assets	9,295,005	13,179,305	9,022,251	44,415
Unrestricted	1,131,831	2,555,753	125,810	962,094
Total net position	<u>\$ 10,426,836</u>	<u>\$ 15,735,058</u>	<u>\$ 9,148,061</u>	<u>\$ 1,006,509</u>

See accompanying notes to the basic financial statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Fund
\$ 540,066	\$ 4,100,303	\$ 531,766
361,976	1,475,345	-
7,110	8,710	2,170
-	115,919	-
<u>909,152</u>	<u>5,700,277</u>	<u>533,936</u>
-	500,000	-
193,709	34,739,422	-
216,620	1,784,949	-
<u>410,329</u>	<u>37,024,371</u>	<u>-</u>
<u>1,319,481</u>	<u>42,724,648</u>	<u>533,936</u>
1,506	90,066	-
11,932	68,151	-
10,375	51,432	-
-	12,087	-
-	11,085	-
185,591	185,591	-
-	23,632	-
-	468,317	-
22,711	111,916	-
<u>232,115</u>	<u>1,022,277</u>	<u>-</u>
-	344,085	-
-	3,763,648	-
19,977	210,785	-
<u>19,977</u>	<u>4,318,518</u>	<u>-</u>
<u>252,092</u>	<u>5,340,795</u>	<u>-</u>
410,329	31,951,305	-
657,060	5,432,548	533,936
<u>\$ 1,067,389</u>	<u>\$ 37,383,853</u>	<u>\$ 533,936</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Operating Revenues</b>				
Charges for services	\$ 2,073,856	\$ 2,817,706	\$ -	\$ 979,653
Refunds and reimbursements	496	-	-	-
Rental income	-	-	94,096	-
Other operating revenue	37,717	14,800	-	25,396
Total operating revenues	<u>2,112,069</u>	<u>2,832,506</u>	<u>94,096</u>	<u>1,005,049</u>
<b>Operating Expenses</b>				
Personal services	744,508	1,123,692	-	129,785
Contractual services	212,111	366,400	140,868	635,840
Materials and supplies	367,112	74,567	3,508	32,227
Depreciation	404,430	523,031	114,691	15,329
Other operating expenses	37,851	77,528	65,114	24,962
Total operating expenses	<u>1,766,012</u>	<u>2,165,218</u>	<u>324,181</u>	<u>838,143</u>
Operating income (loss)	<u>346,057</u>	<u>667,288</u>	<u>(230,085)</u>	<u>166,906</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	43	453	16	-
Interest and fiscal charges	(38,985)	(54,739)	(57,983)	-
Operating transfers in	874	440	275,000	-
Total non-operating revenues (expenses)	<u>(38,068)</u>	<u>(53,846)</u>	<u>217,033</u>	<u>-</u>
Change in net position	307,989	613,442	(13,052)	166,906
Net position at beginning of year	10,118,847	15,121,616	9,161,113	839,603
Net position at end of year	<u>\$ 10,426,836</u>	<u>\$ 15,735,058</u>	<u>\$ 9,148,061</u>	<u>\$ 1,006,509</u>

See accompanying notes to the basic financial statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 459,529	\$ 6,330,744	\$ 1,168,031
-	496	106,871
-	94,096	-
189	78,102	-
<u>459,718</u>	<u>6,503,438</u>	<u>1,274,902</u>
333,848	2,331,833	-
11,654	1,366,873	1,015,909
22,668	500,082	-
36,186	1,093,667	-
23,261	228,716	-
<u>427,617</u>	<u>5,521,171</u>	<u>1,015,909</u>
<u>32,101</u>	<u>982,267</u>	<u>258,993</u>
-	512	-
-	(151,707)	-
6,020	282,334	-
<u>6,020</u>	<u>131,139</u>	<u>-</u>
38,121	1,113,406	258,993
1,029,268	36,270,447	274,943
<u>\$ 1,067,389</u>	<u>\$ 37,383,853</u>	<u>\$ 533,936</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

Business-type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 2,061,640	\$ 2,804,599	\$ 94,096	\$ 972,074
Other operating receipts	38,213	14,800	-	25,396
Cash paid to employees	(735,070)	(1,138,599)	-	(129,272)
Cash paid to suppliers	(582,283)	(479,819)	(151,643)	(699,755)
Cash paid for other expenses	(37,140)	(82,609)	(14,963)	(14,806)
Net cash flows from operating activities	<u>745,360</u>	<u>1,118,372</u>	<u>(72,510)</u>	<u>153,637</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in (out)	874	440	275,000	-
Advances in (out)	-	100,000	-	-
Net cash flows from noncapital financing activities	<u>874</u>	<u>100,440</u>	<u>275,000</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(185,895)	(1,217,692)	(15,413)	-
Payment of debt	(287,677)	(430,970)	(104,022)	-
Payment of interest	(43,034)	(61,395)	(58,395)	-
Net cash flows from capital and related financing activities	<u>(516,606)</u>	<u>(1,710,057)</u>	<u>(177,830)</u>	<u>-</u>
<b>Cash Flows from Investing Activities</b>				
Cash received from interest	43	453	16	-
Net cash flows from investing activities	<u>43</u>	<u>453</u>	<u>16</u>	<u>-</u>
Net change in cash	229,671	(490,792)	24,676	153,637
Cash and cash equivalents at beginning of year	647,322	2,150,933	120,565	724,225
Cash and cash equivalents at end of year	<u>\$ 876,993</u>	<u>\$ 1,660,141</u>	<u>\$ 145,241</u>	<u>\$ 877,862</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	\$ 346,057	\$ 667,288	\$ (230,085)	\$ 166,906
Add depreciation expense	404,430	523,031	114,691	15,329
Add loss on disposals	3,814	3,533	41,886	10,337
(Increase)/Decrease in current assets				
Accounts receivable	(12,216)	(13,107)	-	(7,579)
Prepaid expenses	8,497	(258)	2,405	-
Materials and supplies inventory	(28,138)	2,225	-	-
Increase/(Decrease) in current liabilities				
Accounts payable	13,478	(41,925)	(1,407)	(31,869)
Accrued wages	4,508	(2,626)	-	413
Compensated absences	7,399	(4,615)	-	813
Refundable deposits	-	-	-	-
Intergovernmental payable	(2,469)	(7,666)	-	(713)
Retainage payable	-	(7,508)	-	-
Net cash flows from operating activities	<u>\$ 745,360</u>	<u>\$ 1,118,372</u>	<u>\$ (72,510)</u>	<u>\$ 153,637</u>

See accompanying notes to the basic financial statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 504,628	\$ 6,437,037	\$ 1,274,902
189	78,598	-
(367,921)	(2,370,862)	-
(35,699)	(1,949,199)	(1,018,079)
(41,808)	(191,326)	-
<u>59,389</u>	<u>2,004,248</u>	<u>256,823</u>
6,020	282,334	-
-	100,000	-
<u>6,020</u>	<u>382,334</u>	<u>-</u>
(7,434)	(1,426,434)	-
-	(822,669)	-
-	(162,824)	-
<u>(7,434)</u>	<u>(2,411,927)</u>	<u>-</u>
-	512	-
-	512	-
57,975	(24,833)	256,823
482,091	4,125,136	274,943
<u>\$ 540,066</u>	<u>\$ 4,100,303</u>	<u>\$ 531,766</u>
\$ 32,101	\$ 982,267	\$ 258,993
36,186	1,093,667	-
-	59,570	-
23,799	(9,103)	-
(1,539)	9,105	(2,170)
-	(25,913)	-
(3,678)	(65,401)	-
(1,826)	469	-
(26,511)	(22,914)	-
6,593	6,593	-
(5,736)	(16,584)	-
-	(7,508)	-
<u>\$ 59,389</u>	<u>\$ 2,004,248</u>	<u>\$ 256,823</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AS OF DECEMBER 31, 2014

	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Pooled cash and cash equivalents	\$ 20,151	\$ 65,889
Cash in segregated account	-	53,947
Investments	60,000	-
Total assets	<u>80,151</u>	<u>119,836</u>
<b>Liabilities</b>		
Deposits held and due to others	-	65,889
Undistributed assets	-	53,947
Total liabilities	<u>-</u>	<u>119,836</u>
<b>Net Position</b>		
Net position held in trust	<u>\$ 80,151</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Private-Purpose Trust Funds</u>
<b>Additions</b>	
Interest	\$ 2,341
Other revenue	<u>30</u>
Total additions	<u>2,371</u>
<b>Deductions</b>	
Endowments	<u>1,045</u>
Total deductions	<u>1,045</u>
Change in net position	1,326
Net position at beginning of year	<u>78,825</u>
Net position at end of year	<u><u>\$ 80,151</u></u>

See accompanying notes to the basic financial statements.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

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

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

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

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

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

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

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

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

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

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

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

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

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

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

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

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Property taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance fiscal year 2015 operations, and grants and entitlements received before eligibility requirements are met, are recorded as unearned revenue on the both the governmental fund and government-wide financial statements.

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

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

**C. Deposits and Investments**

To improve cash management, cash received by the City is pooled, except as specifically stipulated by ordinance. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Pooled cash and cash equivalents" on the balance sheet and statement of net position.

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

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

**D. Receivables and Payables**

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

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City's net outstanding advance balance between the governmental and proprietary funds at December 31, 2014 was \$500,000.

**E. Inventories and Prepaid Items**

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

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

**F. Capital Assets and Depreciation**

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

**F. Capital Assets and Depreciation (Continued)**

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

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

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

**G. Compensated Absences**

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

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

**H. Long-Term Obligations**

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

**I. Fund Balance**

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

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

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

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

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

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

**J. Interfund Transactions**

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

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

**K. Estimates**

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

**L. Net Position**

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**Net Change in Fund Balances**

	General Fund	Street Department Fund
GAAP basis	\$ (137,517)	\$ 73,763
Parks and Recreation Change	33,457	-
Revenue accruals	(1,837)	(1,670)
Expenditure accruals	(17,157)	(38,133)
Other Financing Sources	-	(28,000)
Encumbrances	(263,507)	(119,849)
Budget basis	\$ (386,561)	\$ (113,889)

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

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

Deposits - At fiscal year end, the carrying amount of the City's deposits was \$11,979,470 and the bank balance was \$12,146,524. Of the bank balance, \$5,616,496 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments — Statutes authorize the City of Bellefontaine to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, repurchase agreements and the state treasurer's investment pool. As of December 31, 2014, the City had \$338,649 invested in a money market account.

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

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 5 - TAXES**

Property Taxes

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

The City receives property taxes from Logan County. The County Auditor periodically advances to the City its portion of the taxes collected. Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility property, which became measurable as of December 31, 2014. The assessed valuations of the City for tax year 2013, which were used to collect taxes in calendar year 2014, are as follows:

	<u>Amount</u>	<u>Percent</u>
Real Estate (Other Than Public Utility)	\$ 199,397,300	96%
Public Utility	8,613,940	4%
Total Assessed Value	<u>\$ 208,011,240</u>	

Income Taxes

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 6 - CAPITAL ASSETS**

Governmental capital asset activity for the year ended December 31, 2014, was as follows:

Description	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Non-depreciated assets:					
Land	\$ 5,944,424	\$ 2,064,056	\$ -	\$ -	\$ 8,008,480
Construction in Progress	649,147	18,441	(88,187)	(560,960)	18,441
Total Non-depreciated assets	<u>6,593,571</u>	<u>2,082,497</u>	<u>(88,187)</u>	<u>(560,960)</u>	<u>8,026,921</u>
Capital assets, being depreciated:					
Land Improvements	5,788,007	1,219	-	23,400	5,812,626
Buildings	4,834,034	1,220	(1,394)	83,433	4,917,293
Building Components	-	-	-	246,253	246,253
Equipment	2,366,184	127,725	(14,282)	39,430	2,519,057
Furniture	237,765	-	(1,034)	23,554	260,285
Vehicles	3,227,002	125,051	(46,506)	-	3,305,547
Infrastructure	17,318,575	806,543	(15,100)	144,890	18,254,908
Total depreciated assets	<u>33,771,567</u>	<u>1,061,758</u>	<u>(78,316)</u>	<u>560,960</u>	<u>35,315,969</u>
Total capital assets	<u>40,365,138</u>	<u>3,144,255</u>	<u>(166,503)</u>	<u>-</u>	<u>43,342,890</u>
Less accumulated depreciation for:					
Land Improvements	244,960	63,803	-	-	308,763
Buildings	2,255,823	73,530	(1,319)	-	2,328,034
Building Components	-	13,448	-	-	13,448
Equipment	1,719,996	100,761	(10,265)	-	1,810,492
Furniture	196,800	13,324	(934)	-	209,190
Vehicles	1,974,841	142,168	(41,857)	-	2,075,152
Infrastructure	8,385,519	565,876	-	-	8,951,395
Total accumulated depreciation	<u>14,777,939</u>	<u>972,910</u>	<u>(54,375)</u>	<u>-</u>	<u>15,696,474</u>
Total depreciable assets, net	<u>18,993,628</u>	<u>88,848</u>	<u>(23,941)</u>	<u>560,960</u>	<u>19,619,495</u>
Total capital assets, net	<u>\$ 25,587,199</u>	<u>\$ 2,171,345</u>	<u>\$ (112,128)</u>	<u>\$ -</u>	<u>\$ 27,646,416</u>

Depreciation expense was charged to governmental functions as follows:

Conservation and Recreation	\$ 57,055
Health	2,936
Judicial	15,827
Legislative and Executive	80,298
Public Safety	110,758
Public Works	238,063
Transportation	467,973
Total	<u>\$ 972,910</u>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

Proprietary capital asset activity for the year ended December 31, 2014, was as follows:

Description	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Non-depreciated assets:					
Land	\$ 1,784,949	\$ -	\$ -	\$ -	\$ 1,784,949
Construction in Progress	3,331,253	485,835	(41,886)	(3,775,202)	-
<b>Total Non-depreciated assets</b>	<b>5,116,202</b>	<b>485,835</b>	<b>(41,886)</b>	<b>(3,775,202)</b>	<b>1,784,949</b>
Capital assets, being depreciated:					
Land Improvements	8,165,407	18,008	-	3,835	8,187,250
Buildings	13,874,512	9,613	-	(8,092)	13,876,033
Building Components	-	6,867	-	96,447	103,314
Equipment	3,882,253	242,049	(44,163)	1,157,849	5,237,988
Furniture	19,505	1,873	-	61,789	83,167
Vehicles	1,230,232	22,500	(29,562)	-	1,223,170
Infrastructure	15,840,743	647,054	(12,462)	2,463,374	18,938,709
<b>Total assets being depreciated</b>	<b>43,012,652</b>	<b>947,964</b>	<b>(86,187)</b>	<b>3,775,202</b>	<b>47,649,631</b>
<b>Total capital assets</b>	<b>48,128,854</b>	<b>1,433,799</b>	<b>(128,073)</b>	<b>-</b>	<b>49,434,580</b>
Less accumulated depreciation for:					
Land Improvements	525,389	32,614	-	564	558,567
Buildings	3,463,205	190,380	-	(2,378)	3,651,207
Building Components	-	5,201	-	2,378	7,579
Equipment	2,387,390	214,643	(40,600)	-	2,561,433
Furniture	18,027	5,512	-	-	23,539
Vehicles	705,739	103,001	(27,903)	-	780,837
Construction in Progress	-	-	-	-	-
Infrastructure	4,785,295	542,316	-	(564)	5,327,047
<b>Total accumulated depreciation</b>	<b>11,885,045</b>	<b>1,093,667</b>	<b>(68,503)</b>	<b>-</b>	<b>12,910,209</b>
<b>Total depreciable assets, net</b>	<b>31,127,607</b>	<b>(145,703)</b>	<b>(17,684)</b>	<b>3,775,202</b>	<b>34,739,422</b>
<b>Total capital assets, net</b>	<b>\$ 36,243,809</b>	<b>\$ 340,132</b>	<b>\$ (59,570)</b>	<b>\$ -</b>	<b>\$ 36,524,371</b>

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

Water	\$ 404,430
Sewer	523,031
Airport	114,691
Garbage	15,329
Other Nonmajor	36,186
<b>Total</b>	<b>\$ 1,093,667</b>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 7 - LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	New Issues	Retirements	Ending Balance	Due in One Year
<b>Governmental Activities:</b>					
Tax Increment Financing Bond:					
Gunttown Road, 4.50/6.00%, 2015	\$ 145,000	\$ -	\$ (70,000)	\$ 75,000	\$ 75,000
2010 Energy Project Bonds, 2-3.75%, 2027	520,614	-	(30,963)	489,651	31,683
OPWC Street Resurfacing, 0%, 2019	165,000	-	(30,000)	135,000	30,000
OPWC Roadway Improvement	234,637	-	(11,732)	222,905	11,732
Unamortized premium on sale of bonds	8,280	-	(2,854)	5,426	-
Compensated Absences Payable	1,128,915	282,957	(271,715)	1,140,157	442,551
<b>Total Governmental Activities</b>	<b>2,202,446</b>	<b>282,957</b>	<b>(417,264)</b>	<b>2,068,139</b>	<b>590,966</b>
<b>Business-Type Activities:</b>					
Revenue and General Obligation Bonds and Loans:					
Airport Improvement, 2.00/4.80%, 2023	1,220,000	-	(100,000)	1,120,000	105,000
OPWC Rehabilitation, 0%, 2014	10,000	-	(10,000)	-	-
OPWC Waterline Replacement, 0%, 2025	8,189	-	(712)	7,477	712
OPWC Storm Water Drainage, 0%, 2028	121,800	-	(8,400)	113,400	8,400
OPWC Wastewater Treatment Plant Upgrade, 0%, 2031	261,360	-	(14,520)	246,840	14,520
2010 Refunding Bonds 2-3%, 2014	330,000	-	(330,000)	-	-
2010 New Project Bonds 2-3%, 2015	350,000	-	(175,000)	175,000	175,000
2010 Energy Project Bonds 2-3%, 2027	3,094,386	-	(184,037)	2,910,349	188,317
Unamortized premium on sale of bonds	36,252	-	(9,636)	26,616	-
Compensated Absences Payable	345,615	85,858	(108,772)	322,701	111,916
<b>Total Business-Type Activities</b>	<b>5,777,602</b>	<b>85,858</b>	<b>(941,077)</b>	<b>4,922,383</b>	<b>603,865</b>
<b>Total Long-Term Obligations</b>	<b>\$ 7,980,048</b>	<b>\$ 368,815</b>	<b>\$ (1,358,341)</b>	<b>\$ 6,990,522</b>	<b>\$ 1,194,831</b>

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

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

The compensated absences liability represents accrued bonus, compensatory time, vacation, and sick leave benefits as of December 31, 2014 (See Note 10). The compensated absences will be paid from the funds in which the employees' salaries are paid.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

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

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

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

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

A summary of the City's future debt service requirements as of December 31, 2014 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
<b>Governmental Activities:</b>		
2015	148,415	19,504
2016	74,135	14,370
2017	74,855	13,641
2018	75,576	12,813
2019	62,016	11,882
2020-2024	250,920	42,756
2025-2029	189,714	9,751
2030-2033	46,925	-
	<u>\$ 922,556</u>	<u>\$ 124,717</u>

**Business-Type Activities:**

2015	491,949	145,042
2016	326,229	133,473
2017	330,509	124,517
2018	339,788	114,314
2019	358,349	103,266
2020-2024	1,815,900	322,287
2025-2029	881,302	57,951
2030-2031	29,040	-
	<u>\$ 4,573,066</u>	<u>\$ 1,000,850</u>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2014 member contribution rate for City employees was 10.00% of covered payroll 2014. The 2014 employer contribution rate for the City was 14.00% of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2014, 2013, and 2012 were \$478,823, \$467,409, and \$449,817 respectively. The full amount has been contributed for 2013 and 2012; 92.8 percent has been contributed for 2014 with the remainder being reported as a fund liability.

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

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

Plan members are required to contribute 10.75 percent of their annual covered salary during January 1, 2014 to July 1, 2014 and 11.50% of covered payroll from July 2, 2014 to December 31, 2014, while employers are required to contribute 19.50% and 24.00% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2014, 2013, and 2012 were \$559,113, \$532,352, and \$514,739, respectively. The full amount has been contributed for 2013 and 2012; 92.0 percent has been contributed for 2014 with the remainder being reported as a fund liability.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

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

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

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

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

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

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

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 2.0%. The portion of employer contributions allocated to health care for members in the Combined Plan was 2.0%. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OPERS for post-employment benefits for the years ending December 31, 2014, 2013, and 2012 were \$68,376, \$33,373, and \$128,513, respectively. The full amount has been contributed for 2013 and 2012; 92.81 percent has been contributed for 2014 with the remainder being reported as a fund liability.

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

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

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2014, the employer contribution allocated to the health care plan was 0.50% of covered payroll from January 1, 2014 to December 31, 2014. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F for the years ending December 31, 2014, 2013, and 2012 were \$559,113, \$532,352, and \$514,739, respectively, of which \$13,174, \$87,420 and \$161,976, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2013 and 2012; 92.0% has been contributed for police and firefighters for 2014.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 10 - EMPLOYEE BENEFITS**

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

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

At December 31, 2014, the City's liability for accumulated unpaid sick leave was \$600,707. A liability of \$458,873 has been recognized in the governmental activities and \$141,834 has been recognized in the business-type activities. In addition, the City's liability for accrued vacation, compensatory and bonus accumulation was \$862,151. A liability of \$681,284 has been recognized in the governmental activities and \$180,867 has been recognized in the business-type activities.

**NOTE 11 – CONTINGENT LIABILITIES**

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

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

**NOTE 12 - CONDUIT DEBT OBLIGATIONS**

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

The original issuance for the Revenue Bonds in 2006 was \$15,000,000. As of December 31, 2014, the revenue bonds outstanding were \$6,415,000.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 13 – INTERFUND TRANSFERS/ADVANCES**

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

<u>Transfers In</u>	<u>Transfers Out</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>
General Fund	-	1,925
Street Department Fund	-	5,359
Other Governmental Funds	162,763	521
Water Fund	-	874
Sewer Fund	-	440
Airport Fund	275,000	-
Parking Meter Fund	6,000	20
<b>Total Transfers In/Out</b>	<b><u>\$ 443,763</u></b>	<b><u>\$ 9,139</u></b>

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

Interfund balances at December 31, 2014 consisted of the following:

<u>Fund</u>	<u>Beginning Balance</u>	<u>New Advances</u>	<u>Advance Repayments</u>	<u>Ending Balance</u>
Capital Improvement	\$ 224,000	\$ -	\$ (28,000)	\$ 196,000
Street Department	(224,000)	-	28,000	(196,000)
Reconstruction Improvement	(600,000)	-	100,000	(500,000)
Sewer Fund	600,000	-	(100,000)	500,000

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 14 – DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources at year-end consisted of property taxes for which there is an enforceable legal claim as of December 31, 2014, which were levied to finance year 2015 operations.

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

<b><u>Governmental Activities:</u></b>	
Property taxes	\$ 536,828
	\$ 536,828

**NOTE 15 – LIABILITY INSURANCE**

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

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

**NOTE 16 – ACCOUNTABILITY**

***Deficit Fund Balance***

The following funds had a deficit fund balance as of December 31, 2014:

Governmental Fund	Deficit
<i>Major fund</i>	
Reconstruction Improvement Fund	\$ (259,580)
<i>Nonmajor funds</i>	
Energy Project	(1,565)
Probation	(2,195)

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 17 – CONTRACTUAL COMMITMENTS**

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

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Remaining</u>
Berquist Consulting Inc.	\$ 235,750	\$ 177,497	\$ 58,253

**NOTE 18 – CHANGES IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2014, the City has implemented the following:

*GASB Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees"* enhances comparability of financial statements by requiring consistent reporting by those governmental entities that extend nonexchange financial guarantees and by those governmental entities that receive nonexchange financial guarantees. This implementation of this statement did not have an effect on the financial statements of the City.

**NOTE 19 – SUBSEQUENT EVENT**

On May 12, 2015, City Council passed an ordinance providing for the issuance and sale of airport improvement refunding bonds, Series 2015 in an aggregate principal amount not to exceed \$1,130,000 to refund bonds previously issued by the City for the purpose of constructing, improvement and equipping a single structure administration building/maintenance hangar, and improvements thereto, and paying issuance costs of the bonds.

**This page intentionally left blank.**

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<b>Federal Grantor/Pass Through Grantor/Program Title</b>	<b>Project Number</b>	<b>Federal CFDA Number</b>	<b>Award Disbursements</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Development Services Agency</i>			
Community Development Block Grants / State's Program and Non-Entitlement Grants in Hawaii	A-F-13-2AL-1	14.228	\$92,500
	A-C-13-2AL-1	14.228	93,569
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			<u>186,069</u>
Total U.S. Department of Housing and Urban Development			<u>186,069</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Passed through Ohio Office of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2012-JG-A02-6956	16.738	1,130
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2013-JG-A02-6956	16.738	26,368
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	2013-JG-LLE-5411	16.738	4,829
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>32,327</u>
<i>Passed through the Ohio Attorney General's Office</i>			
Crime Victim Assistance	2014VAGENE-577	16.575	11,202
Crime Victim Assistance	2015VAGENE-577	16.575	4,980
Total Crime Victim Assistance			<u>16,182</u>
Total U.S. Department of Justice			<u>48,509</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Airport Improvement Program	3-39-0125-009-2013	20.106	100,208
Airport Improvement Program	3-39-0125-010-2014	20.106	11,700
Total Airport Improvement Program			<u>111,908</u>
Highway Planning and Construction	PID 89213	20.205	572,816
Total U.S. Department of Transportation			<u>684,724</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed through Ohio Emergency Management Agency</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	FIPS #091-05130-00	97.036	9,139
Total U.S. Department of Homeland Security			<u>9,139</u>
<b>TOTAL FEDERAL AWARD EXPENDITURES</b>			<u><u>\$928,441</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – SUB-RECIPIENTS**

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

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

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

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

These loans are collateralized by mortgages on the property and equipment. At December 31, 2014, there were no outstanding loans.

**NOTE D - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

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

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 20, 2015.

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

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

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

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

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

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 20, 2015



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Members of Council:

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

We have audited the City of Bellefontaine's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City of Bellefontaine's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

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

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

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

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

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

### ***Opinion on the Major Federal Program***

In our opinion, the City of Bellefontaine complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

**Report on Internal Control Over Compliance**

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 20, 2015

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2014**

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

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

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

None

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

None

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**CITY OF BELLEFONTAINE**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 22, 2015**