

CITY OF BELPRE
WASHINGTON COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Members of Council and Mayor
City of Belpre
715 Park Drive
Belpre, OH 45714-0160

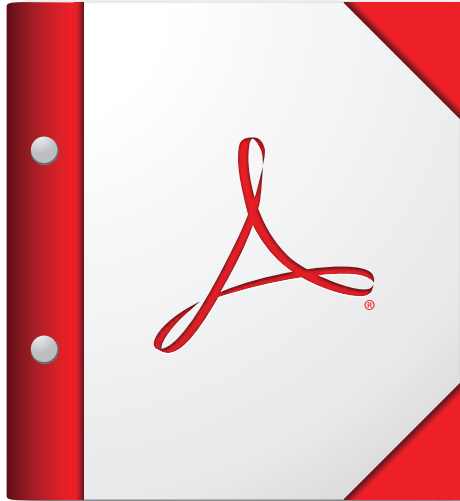
We have reviewed the *Independent Auditor's Report* of the City of Belpre, Washington County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2022



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CITY OF BELPRE, OHIO

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Independent Auditor's Report

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

To the Members of the City Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Belpre's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Fund, Permissive Tax Fund, Local Fiscal Recovery Fund, and the EMS Levy Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City of Belpre, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Belpre. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Belpre's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Belpre's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Belpre's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2022, on our consideration of the City of Belpre's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Belpre's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Belpre's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
July 29, 2022

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

The discussion and analysis of the City of Belpre's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at December 31, 2021 by \$21,297,485 (net position). Of this amount, \$870,652 is considered restricted for various purposes. Another \$18,352,286 represents the net investment in capital assets and the remaining unrestricted net position is \$2,074,547.
- Total net position increased \$1,546,669 during the year. Net position of governmental activities increased \$1,127,560, while the net position of business-type activities increased \$419,109.
- The total cost of the City's service programs was \$6,979,118. These costs were offset by program revenues (primarily charges for services and sales) of \$5,194,776 and general revenues (primarily property taxes and income taxes) of \$3,331,011.

Using this Annual Financial Report

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

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

Reporting the City of Belpre as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

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

Governmental Activities - Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our sewer and water activities.

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

Reporting the City of Belpre's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 9. Fund financial statements provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Belpre, our major funds are the General, Street, Permissive Tax, Local Fiscal Recovery, EMS Levy, Water, Sewer, and Sanitation Funds.

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

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and the net OPEB liability and the City's required contributions to the pension and OPEB plans.

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

The City of Belpre as a Whole

Recall that the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2021 compared to 2020.

(Table 1)
Net Position

	Governmental Activities	Governmental Activities	Business Type Activities	Business Type Activities	Total	Total
	2021	2020	2021	2020	2021	2020
Assets						
Current and Other Assets	\$ 4,758,474	\$ 3,738,298	\$ 3,571,546	\$ 3,569,621	\$ 8,330,020	\$ 7,307,919
Capital Assets, Net	7,363,556	7,293,818	11,573,465	11,433,083	18,937,021	18,726,901
<i>Total Assets</i>	<u>12,122,030</u>	<u>11,032,116</u>	<u>15,145,011</u>	<u>15,002,704</u>	<u>27,267,041</u>	<u>26,034,820</u>
Deferred outflows of resources						
Pension	348,501	420,227	76,514	103,973	425,015	524,200
OPEB	181,422	255,848	30,906	73,231	212,328	329,079
<i>Total deferred outflows of resources</i>	<u>529,923</u>	<u>676,075</u>	<u>107,420</u>	<u>177,204</u>	<u>637,343</u>	<u>853,279</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>12,651,953</u>	<u>11,708,191</u>	<u>15,252,431</u>	<u>15,179,908</u>	<u>27,904,384</u>	<u>26,888,099</u>
Liabilities						
Current and Other Liabilities	735,574	63,694	239,897	205,789	975,471	269,483
Long-term Liabilities:						
Due Within One Year	79,249	76,333	23,832	16,577	103,081	92,910
Net Pension Liability	2,339,017	2,705,920	529,822	709,003	2,868,839	3,414,923
Net OPEB Liability	241,394	949,272	-	461,441	241,394	1,410,713
Other Amounts	137,269	204,928	124,708	51,734	261,977	256,662
<i>Total Liabilities</i>	<u>3,532,503</u>	<u>4,000,147</u>	<u>918,259</u>	<u>1,444,544</u>	<u>4,450,762</u>	<u>5,444,691</u>
Deferred inflows of resources						
Property Taxes Levied for						
The Next Fiscal Year	659,860	658,650	-	-	659,860	658,650
Pension	632,627	510,443	240,051	170,210	872,678	680,653
OPEB	434,934	274,482	188,665	78,807	623,599	353,289
<i>Total Deferred Inflows Of Resources</i>	<u>1,727,421</u>	<u>1,443,575</u>	<u>428,716</u>	<u>249,017</u>	<u>2,156,137</u>	<u>1,692,592</u>
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>5,259,924</u>	<u>5,443,722</u>	<u>1,346,975</u>	<u>1,693,561</u>	<u>6,606,899</u>	<u>7,137,283</u>
Net Position						
Net Investment in Capital Assets	6,899,757	7,067,621	11,452,529	11,375,328	18,352,286	18,442,949
Restricted	683,435	676,771	187,217	173,475	870,652	850,246
Unrestricted (Deficit)	(191,163)	(1,479,923)	2,265,710	1,937,544	2,074,547	457,621
<i>Total Net Position</i>	<u>\$ 7,392,029</u>	<u>\$ 6,264,469</u>	<u>\$ 13,905,456</u>	<u>\$ 13,486,347</u>	<u>\$ 21,297,485</u>	<u>\$ 19,750,816</u>

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

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

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

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

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

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

As the preceding table illustrates, some of the more significant changes in net position compared to the prior year were

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

a result of reporting the net pension liability/asset and net OPEB liability/asset, and the related deferred inflows and outflows of resources. These will fluctuate annually based on a number of factors including investment returns, actuarial assumptions used, and the City's proportionate share of the net pension and net OPEB cost. See notes 13 and 14 in the notes to the basic financial statements for more detailed information.

There were several other notable changes, particularly for the governmental activities. Current and other assets increased primarily due to an increase in cash and cash equivalents, and receivables such as income taxes receivable. The increase in current liabilities is mostly due to reporting unearned revenue for federal grant money received but not earned as of December 31, 2021, and an increase in contracts payable related to a street improvements project.

The following table shows the changes in net position for 2021 and 2020.

(Table 2)
Changes in Net Position

	Governmental Activities 2021	Business- Type Activities 2021	Total 2021	Governmental Activities 2020	Business- Type Activities 2020	Total 2020
Revenues						
Program Revenues						
Charges for Services	\$ 1,507,867	\$ 3,029,313	\$ 4,537,180	\$ 1,387,151	\$ 2,712,655	\$ 4,099,806
Operating Grants, Contributions and Interest	657,596	-	657,596	1,341,199	-	1,341,199
Total Program Revenues	2,165,463	3,029,313	5,194,776	2,728,350	2,712,655	5,441,005
General Revenues						
Property Taxes	627,893	-	627,893	661,861	-	661,861
Income Tax	2,002,786	-	2,002,786	1,558,882	-	1,558,882
Franchise Tax	106,029	-	106,029	109,565	-	109,565
Grants and Entitlements	251,758	-	251,758	190,854	-	190,854
Interest	42,794	-	42,794	33,522	-	33,522
Donations	6,349	-	6,349	7,390	-	7,390
Other	244,432	48,970	293,402	82,881	50,609	133,490
Total General Revenues	3,282,041	48,970	3,331,011	2,644,955	50,609	2,695,564
Total Revenues	5,447,504	3,078,283	8,525,787	5,373,305	2,763,264	8,136,569

-Continued

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

(Table 2)
Changes in Net Position (Continued)

	Governmental Activities 2021	Business- Type Activities 2021	Total 2021	Governmental Activities 2020	Business- Type Activities 2020	Total 2020
Program Expenses						
General Government	565,097	-	565,097	683,502	-	683,502
Security of Persons and Property:						
Police	1,285,168	-	1,285,168	1,461,635	-	1,461,635
Fire	413,191	-	413,191	422,173	-	422,173
Public Health Services	964,568	-	964,568	1,362,641	-	1,362,641
Transportation	803,077	-	803,077	902,779	-	902,779
Leisure Time Activities:						
Senior Center	85,075	-	85,075	46,718	-	46,718
Parks	100,616	-	100,616	127,120	-	127,120
Pool	96,048	-	96,048	33,031	-	33,031
Other	-	-	-	21,520	-	21,520
Interest and Fiscal Charges	7,104	-	7,104	9,940	-	9,940
Water	-	1,013,820	1,013,820	-	812,835	812,835
Sewer	-	1,202,496	1,202,496	-	1,539,664	1,539,664
Sanitation	-	442,858	442,858	-	-	-
<i>Total Program Expenses</i>	<u>4,319,944</u>	<u>2,659,174</u>	<u>6,979,118</u>	<u>5,071,059</u>	<u>2,352,499</u>	<u>7,423,558</u>
<i>Increase (Decrease) in Net Position</i>	1,127,560	419,109	1,546,669	302,246	410,765	713,011
<i>Net Position Beginning of Year</i>	<u>6,264,469</u>	<u>13,486,347</u>	<u>19,750,816</u>	<u>5,962,223</u>	<u>13,075,582</u>	<u>19,037,805</u>
<i>Net Position End of Year</i>	<u><u>\$ 7,392,029</u></u>	<u><u>\$ 13,905,456</u></u>	<u><u>\$ 21,297,485</u></u>	<u><u>\$ 6,264,469</u></u>	<u><u>\$ 13,486,347</u></u>	<u><u>\$ 19,750,816</u></u>

Governmental Activities

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 1.0 percent. General revenues from property taxes and grants and entitlements, such as local government funds, are also a large revenue generator. The City monitors both of these revenue sources very closely for fluctuations because these three revenue sources represent 52.91 percent of all revenues in the governmental activities.

Income tax collections decreased in the wake of the COVID-19 pandemic in 2020, but rebounded in 2021 leading to a slight overall increase in total revenues. The only significant decrease in revenue was operating grants and contributions which was due to the additional federal funding in 2020 for Coronavirus relief.

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

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2021

The City's governmental activity expenses totaled \$4,319,944 in 2021, which represents a decrease of \$751,115 (14.81%) from 2020. This is primarily due to a decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). The governmental activities reported OPEB expense of (\$557,894) in 2021 compared to \$61,495 in 2020. On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020, which is reflected in the City's 2021 financial statements.

Security of persons and property is a major activity of the City, generating 39.31% of the governmental expenses. During 2021, expenses for police and fire operations amounted to \$1,285,168 and \$413,191, respectively. These activities are, for the most part, funded by the municipal income tax. The City attempts to supplement the activities of the police department with grants to enable the police department to widen the scope of its activities. The Belpre Volunteer Firefighters, Inc., an entity separate and distinct from the City, has worked hand in hand with the City to help reduce costs to the taxpayer by providing much of the equipment used by the fire department.

The City's second largest category of expenses is public health and welfare, comprising 22.33% of the governmental expenses. These expenses are primarily for costs of providing sanitation services to the City's residents. Finally, transportation is another major activity for the City, accounting for 18.59% of the governmental expenses. The expenses were related to street maintenance, paving, and patching as well as street lighting.

Business-Type Activities

The City's business-type activities provide water and sewer services. Additionally, in 2021 the City closed out its Sanitation Fund with all remaining monies being paid out to vendors. This activity is now being reported in the governmental activities. Business-type activities are primarily funded by charges to users for services provided. Charges for services and other revenues were sufficient to cover the costs of operating these activities in 2021 as total net position increased \$419,109.

The City's Funds

The City's governmental funds are accounted for using the modified accrual basis of accounting. Total fund balance for all governmental funds increased during 2021, from \$2,495,162 to \$2,593,194 at December 31, 2021.

The fund balance of the General Fund increased \$522,632. Revenues increased \$561,529 from 2020 levels mainly due to an increase in income tax collections. Expenditures also increased, up \$316,020 compared to the prior year. One contributing factor for this is that expenditures were lower in 2020 as the City used federal grant money in the Coronavirus Relief Fund to help pay for costs normally paid with General Fund money.

The City's other major governmental funds in 2021 were the Street Fund, Permissive Tax Fund, Local Fiscal Recovery Fund, and EMS Levy Fund. The Local Fiscal Recovery Fund was established in 2021 to account for the first distribution the federal grant money from the American Rescue Plan Act of 2021. The City received \$344,470 in 2021; however, this is offset by a liability for unearned revenue since the City had not incurred any qualifying expenditures as of December 31, 2021.

The City's major enterprise funds are the Water, Sewer, and Sanitation Funds. As discussed previously, the Sanitation Fund was closed out in 2021 with all remaining money paid out to vendors. Charges for services revenues increased slightly for both the Water Fund and Sewer Fund. Although expenses for contract services, materials and supplies, and depreciation increased for the Water Fund, revenues still exceeded expenses resulting in an increase in net position. The total change in net position was \$208,161 and \$653,806 for the Water Fund and Sewer Fund, respectively.

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

General Fund Budgeting Highlights

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

During the course of 2021, the City's original and final and estimated revenues and other financing sources were \$3,514,689. Actual revenues and other financing sources totaled \$4,123,819 which is \$609,130 more than the final budget. This variance is due in large part to a conservative estimate of income tax collections. In addition, the City received refunds from the Ohio Bureau of Workers' Compensation which were not accounted for in the original or final budget.

Appropriations were increased \$222,564 during the year to \$3,647,549 in the final budget. Actual expenditures and other financing sources amounted to \$3,599,887 which is \$47,662 less than the final budget. Recommendations for any budget changes come from the City Auditor to the Finance Committee of Council for review before going to Council for Ordinance enactment on the change. The allocation of appropriations among objects, except personal services, within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

Capital Assets and Debt Administration

(Table 3)

Capital Assets at December 31, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,727,575	\$ 2,727,575	\$ 242,194	\$ 242,194	\$ 2,969,769	\$ 2,969,769
Construction in Progress	331,300	37,859	87,762	-	419,062	37,859
Buildings and Improvements	2,320,719	2,369,548	111,072	126,110	2,431,791	2,495,658
Machinery and Equipment	155,138	214,599	497,159	543,183	652,297	757,782
Vehicles	641,496	662,091	422,406	246,498	1,063,902	908,589
Infrastructure:						
City Streets	1,069,256	1,156,414	-	-	1,069,256	1,156,414
Street Signals	118,072	125,732	-	-	118,072	125,732
Water System	-	-	4,853,657	4,981,963	4,853,657	4,981,963
Sewer System	-	-	5,359,215	5,293,135	5,359,215	5,293,135
Totals	\$ 7,363,556	\$ 7,293,818	\$ 11,573,465	\$ 11,433,083	\$ 18,937,021	\$ 18,726,901

The capital assets of the City are reported at historical cost, net of depreciation. For governmental activities, the most significant activity was construction in progress additions for a street improvement project. For business-type activities, most of the activity related to maintenance vehicle additions for both water and sewer, and infrastructure for lift station improvements for the sewer system. The City also began water and sewer system improvement projects which are in progress at December 31, 2021.

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

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

The following table shows the outstanding debt obligations as of December 31, 2021 and 2020.

(Table 4)

Outstanding Debt at December 31, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
OPWC Loans	\$ -	\$ -	\$ 33,174	\$ 57,755	\$ 33,174	\$ 57,755
OWDA Loan	-	-	88,825	-	88,825	-
Fire Truck Loan	132,499	208,117	-	-	132,499	208,117
Police Pension Liability	13,265	13,980	-	-	13,265	13,980
Totals	\$ 145,764	\$ 222,097	\$ 121,999	\$ 57,755	\$ 267,763	\$ 279,852

Other than the normally scheduled debt payments, the only activity during the year was the initiation of two OWDA loans to finance water system and sewer system improvements.

For additional information on debt, see Note 10 to the basic financial statements.

Current Financial Related Activities

The City of Belpre took a hit like every other community in Ohio and our local area when businesses closed for the safety of their employees beginning March of 2021. Income tax revenue was projected to be \$200,000 less than the previous year and other revenue streams were directly affected by the shutdown due to the Coronavirus.

The Marietta/Belpre health department was combined in 2020 and due to COVID-19 concerns was not active in the Belpre area most of 2021. 2021 began with COVID-19 shot clinics being held in Belpre and those were well received but due to supply were soon stopped in Belpre because of the lack of shots available. The M/B Health department continues to offer limited services in our area.

The City of Belpre was pleased to welcome Marietta Memorial Health System in 2011. They have continued to grow and now include an emergency room, several doctor's offices, outpatient facilities, the Strecker Cancer center, and a restaurant that serves breakfast and lunch. They began construction on the Strecker Cancer Center in 2019 and we it officially opened March 2021. These new jobs and services have increased the tax base and customer traffic in the community.

The Belpre Area Chamber of Commerce's Economic Development committee continues to work hard attracting business to our community and was instrumental, along with the Southeast Ohio Port Authority, in getting a comprehensive development plan. This was received in late 2020. The City contracted with Sixmo in Marietta, Ohio in the summer of 2021 to carry out the most important projects. The projects were submitted to the City for approval in the Spring of 2022.

The City of Belpre received ARPA funds in the amount of \$334,470 in August 2021. We are expecting to receive another \$334,470 in August 2022. These funds are being earmarked to go toward the installation of a very needed additional force main to take on the county's sewer.

The City of Belpre contracted with Tiano-Knopp Associates to explore grant opportunities for the city. The Mayor continues to offer guidance to them on specific needs in the community. Grants have not been plentiful but they are continuing to look for opportunities.

CITY OF BELPRE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The City of Belpre received Coronavirus stimulus funds to assist with the health and wellness of its citizens and employees. Those funds were used to purchase reusable masks for all utility bill customers and were mailed to all customers in December of 2021 and January 2021. They were well received and delivered by the Auditors office staff to Belpre businesses in January 2021. Other uses of the funds include; upgrade to touchless facilities in public restrooms in all city buildings, sanitation equipment for Emergency vehicles and city offices, and picnic tables that can be sanitized after each use. The city also contracted with Micro Maintenance to clean the public restrooms and playground equipment at all park facilities daily through 2020 and 2021.

Contacting the City Auditor's Department

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

CITY OF BELPRE, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 2,526,114	\$ 3,103,216	\$ 5,629,330
Cash and cash equivalents in segregated accounts	5,138	-	5,138
Cash with fiscal and escrow agents	345,909	-	345,909
Receivables:			
Income taxes	648,522	-	648,522
Property taxes	674,756	-	674,756
Accounts	125,754	383,226	508,980
Intergovernmental	290,705	227	290,932
Materials and supplies inventory	41,677	11,215	52,892
Prepayments	11,841	14,294	26,135
Net OPEB asset	88,058	59,368	147,426
Capital assets:			
Non-depreciable capital assets	3,058,875	329,956	3,388,831
Depreciable capital assets, net	4,304,681	11,243,509	15,548,190
Total capital assets, net	<u>7,363,556</u>	<u>11,573,465</u>	<u>18,937,021</u>
Total assets	<u>12,122,030</u>	<u>15,145,011</u>	<u>27,267,041</u>
Deferred outflows of resources:			
Pension	348,501	76,514	425,015
OPEB	181,422	30,906	212,328
Total deferred outflows of resources	<u>529,923</u>	<u>107,420</u>	<u>637,343</u>
Liabilities:			
Accounts payable	23,657	35,358	59,015
Contracts payable	331,300	-	331,300
Accrued wages and benefits payable	24,285	10,069	34,354
Intergovernmental payable	5,197	4,224	9,421
Unearned revenue	334,470	-	334,470
Accrued interest payable	-	413	413
Vacation benefits payable	16,665	2,616	19,281
Customer deposits payable	-	187,217	187,217
Long-term liabilities:			
Due within one year	79,249	23,832	103,081
Due in more than one year:			
Net pension liability	2,339,017	529,822	2,868,839
Net OPEB liability	241,394	-	241,394
Other amounts due in more than one year	137,269	124,708	261,977
Total liabilities	<u>3,532,503</u>	<u>918,259</u>	<u>4,450,762</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	659,860	-	659,860
Pension	632,627	240,051	872,678
OPEB	434,934	188,665	623,599
Total deferred inflows of resources	<u>1,727,421</u>	<u>428,716</u>	<u>2,156,137</u>
Net position:			
Net investment in capital assets	6,899,757	11,452,529	18,352,286
Restricted for:			
Capital projects	4,236	-	4,236
Street improvements	441,301	-	441,301
Community development programs	35,171	-	35,171
Law enforcement	24,794	-	24,794
Parks and recreation	376	-	376
Mayor's court	35,501	-	35,501
Unclaimed monies	9,106	-	9,106
Other purposes	132,950	187,217	320,167
Unrestricted (deficit)	<u>(191,163)</u>	<u>2,265,710</u>	<u>2,074,547</u>
Total net position	<u>\$ 7,392,029</u>	<u>\$ 13,905,456</u>	<u>\$ 21,297,485</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
General government	\$ 565,097	\$ 212,008	\$ 3,293
Security of persons and property:			
Police	1,285,168	120,983	1,800
Fire	413,191	6,253	16,636
Public health and welfare	964,568	1,103,568	2,619
Transportation	803,077	23,978	633,248
Leisure time activities:			
Senior center	85,075	-	-
Parks	100,616	13,212	-
Pool	96,048	27,865	-
Interest and fiscal charges	7,104	-	-
Total governmental activities	4,319,944	1,507,867	657,596
Business-type activities:			
Water	1,013,820	1,174,032	-
Sewer	1,202,496	1,855,281	-
Sanitation	442,858	-	-
Total business-type activities	2,659,174	3,029,313	-
Total primary government	\$ 6,979,118	\$ 4,537,180	\$ 657,596

General revenues:

Property taxes levied for general purposes
Income taxes levied for general purposes
Franchise tax
Grants and entitlements not restricted
to specific programs
Investment earnings
Donations
Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (349,796)	\$ -	\$ (349,796)
(1,162,385)	-	(1,162,385)
(390,302)	-	(390,302)
141,619	-	141,619
(145,851)	-	(145,851)
(85,075)	-	(85,075)
(87,404)	-	(87,404)
(68,183)	-	(68,183)
(7,104)	-	(7,104)
<u>(2,154,481)</u>	<u>-</u>	<u>(2,154,481)</u>
-	160,212	160,212
-	652,785	652,785
-	<u>(442,858)</u>	<u>(442,858)</u>
-	370,139	370,139
<u>(2,154,481)</u>	<u>370,139</u>	<u>(1,784,342)</u>
627,893	-	627,893
2,002,786	-	2,002,786
106,029	-	106,029
251,758	-	251,758
42,794	-	42,794
6,349	-	6,349
<u>244,432</u>	<u>48,970</u>	<u>293,402</u>
<u>3,282,041</u>	<u>48,970</u>	<u>3,331,011</u>
1,127,560	419,109	1,546,669
<u>6,264,469</u>	<u>13,486,347</u>	<u>19,750,816</u>
<u>\$ 7,392,029</u>	<u>\$ 13,905,456</u>	<u>\$ 21,297,485</u>

CITY OF BELPRE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Street	Permissive Tax	Local Fiscal Recovery	EMS Levy	Other Governmental Funds	Total Governmental Funds
Assets:							
Equity in pooled cash and cash equivalents	\$ 1,813,974	\$ 116,505	\$ 14,347	\$ 334,470	\$ 100,140	\$ 137,572	\$ 2,517,008
Cash and cash equivalents in segregated accounts	4,842	-	-	-	-	296	5,138
Cash with fiscal and escrow agents	-	-	345,909	-	-	-	345,909
Receivables:							
Income taxes	648,522	-	-	-	-	-	648,522
Property taxes	448,662	-	-	-	226,094	-	674,756
Accounts	125,754	-	-	-	-	-	125,754
Intergovernmental	69,616	196,895	4,204	-	4,040	15,950	290,705
Materials and supplies inventory	4,907	36,770	-	-	-	-	41,677
Prepayments	8,651	1,582	-	-	-	1,608	11,841
Restricted assets:							
Equity in pooled cash and cash equivalents	9,106	-	-	-	-	-	9,106
Total assets	\$ 3,134,034	\$ 351,752	\$ 364,460	\$ 334,470	\$ 330,274	\$ 155,426	\$ 4,670,416
Liabilities:							
Accounts payable	\$ 21,018	\$ 2,608	\$ -	\$ -	\$ -	\$ 31	\$ 23,657
Contracts payable	-	-	331,300	-	-	-	331,300
Accrued wages and benefits payable	20,595	3,690	-	-	-	-	24,285
Intergovernmental payable	4,627	570	-	-	-	-	5,197
Unearned revenue	-	-	-	334,470	-	-	334,470
Total liabilities	46,240	6,868	331,300	334,470	-	31	718,909
Deferred inflows of resources:							
Property taxes levied for the next fiscal year	438,624	-	-	-	221,236	-	659,860
Delinquent property tax revenue not available	10,038	-	-	-	4,858	-	14,896
Miscellaneous revenue not available	656	-	-	-	-	-	656
Income tax revenue not available	498,434	-	-	-	-	-	498,434
Other nonexchange transactions	40,307	129,619	-	-	4,040	10,501	184,467
Total deferred inflows of resources	988,059	129,619	-	-	230,134	10,501	1,358,313
Fund balances:							
Nonspendable	13,558	38,352	-	-	-	1,608	53,518
Restricted	9,106	176,913	33,160	-	100,140	143,286	462,605
Committed	492,764	-	-	-	-	-	492,764
Unassigned	1,584,307	-	-	-	-	-	1,584,307
Total fund balances	2,099,735	215,265	33,160	-	100,140	144,894	2,593,194
Total liabilities, deferred inflows of resources and fund balances	\$ 3,134,034	\$ 351,752	\$ 364,460	\$ 334,470	\$ 330,274	\$ 155,426	\$ 4,670,416

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Total governmental fund balances		\$ 2,593,194
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,363,556
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 498,434	
Real and other taxes receivable	14,896	
Accounts receivable	656	
Intergovernmental receivable	184,467	
Total		698,453
Vacation is accrued on the statement of net position, whereas in the funds, vacation leave expenditures are reported when taken.		(16,665)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows of resources are not reported in governmental funds.		
Deferred outflows of resources	348,501	
Deferred inflows of resources	(632,627)	
Net pension liability	(2,339,017)	
Total		(2,623,143)
The net OPEB asset is not available pay for current period expenditures and the net OPEB liability is not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in governmental funds.		
Net OPEB asset	88,058	
Deferred outflows of resources	181,422	
Deferred inflows of resources	(434,934)	
Net OPEB liability	(241,394)	
Total		(406,848)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(70,754)	
Police pension liability	(13,265)	
Loans payable	(132,499)	
Total		(216,518)
Net position of governmental activities		\$ 7,392,029

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Street</u>	<u>Permissive Tax</u>	<u>EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Income taxes	\$ 1,848,406	\$ -	\$ -	\$ -	\$ -	\$ 1,848,406
Property and other taxes	415,909	-	37,988	215,746	-	669,643
Charges for services	1,342,170	-	-	-	27,865	1,370,035
Licenses and permits	114,603	-	-	-	-	114,603
Fines and forfeitures	87,907	-	-	-	4,882	92,789
Intergovernmental	245,713	499,905	52,304	15,516	38,649	852,087
Investment income	42,794	4,279	17	80	3,094	50,264
Rental income	1,540	-	-	-	-	1,540
Contributions and donations	6,349	-	-	-	-	6,349
Other	241,212	23,261	717	-	14,952	280,142
Total revenues	<u>4,346,603</u>	<u>527,445</u>	<u>91,026</u>	<u>231,342</u>	<u>89,442</u>	<u>5,285,858</u>
Expenditures:						
Current:						
General government	849,191	-	-	-	-	849,191
Security of persons and property:						
Police	1,428,423	-	-	-	6,478	1,434,901
Fire	203,084	-	-	129,213	-	332,297
Public health and welfare	773,088	-	-	-	207,102	980,190
Transportation	96,716	540,177	381,300	-	35,655	1,053,848
Leisure time activities:						
Senior center	72,737	-	-	-	-	72,737
Parks	104,681	-	-	-	2,058	106,739
Pool	-	-	-	-	73,161	73,161
Capital outlay	193,246	-	-	-	8,079	201,325
Debt service:						
Principal retirement	715	-	-	75,618	-	76,333
Interest and fiscal charges	590	-	-	6,514	-	7,104
Total expenditures	<u>3,722,471</u>	<u>540,177</u>	<u>381,300</u>	<u>211,345</u>	<u>332,533</u>	<u>5,187,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>624,132</u>	<u>(12,732)</u>	<u>(290,274)</u>	<u>19,997</u>	<u>(243,091)</u>	<u>98,032</u>
Other financing sources (uses):						
Transfers in	-	50,000	-	-	51,500	101,500
Transfers (out)	(101,500)	-	-	-	-	(101,500)
Total other financing sources (uses)	<u>(101,500)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>51,500</u>	<u>-</u>
Net change in fund balances	522,632	37,268	(290,274)	19,997	(191,591)	98,032
Fund balances at beginning of year	<u>1,577,103</u>	<u>177,997</u>	<u>323,434</u>	<u>80,143</u>	<u>336,485</u>	<u>2,495,162</u>
Fund balances at end of year	<u>\$ 2,099,735</u>	<u>\$ 215,265</u>	<u>\$ 33,160</u>	<u>\$ 100,140</u>	<u>\$ 144,894</u>	<u>\$ 2,593,194</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total governmental funds	\$	98,032
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 440,018	
Current year depreciation	<u>(370,280)</u>	
Total		69,738
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	154,380	
Property taxes	(3,762)	
Accounts	(781)	
Intergovernmental	<u>11,809</u>	
Total		161,646
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		76,333
 Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.		
Pension	230,240	
OPEB	<u>3,164</u>	
Total		233,404
 Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension liability and net OPEB liability/Asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(57,247)	
OPEB	<u>557,894</u>	
		500,647
 Some expenses reported in the statement of activities, such as compensated absences, and vacation payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(12,240)</u>
Change in net position of governmental activities	\$	<u><u>1,127,560</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,628,210	\$ 328,210
Property and other taxes	431,900	431,900	415,909	(15,991)
Charges for services	1,403,289	1,403,289	1,346,752	(56,537)
Fees, licenses and permits	119,000	119,000	114,385	(4,615)
Fines and forfeitures	66,000	66,000	86,214	20,214
Intergovernmental	148,500	148,500	242,085	93,585
Investment income	25,000	25,000	42,794	17,794
Rental income	4,000	4,000	1,540	(2,460)
Contributions and donations	3,000	3,000	6,349	3,349
Other	14,000	14,000	216,135	202,135
Total revenues	<u>3,514,689</u>	<u>3,514,689</u>	<u>4,100,373</u>	<u>585,684</u>
Expenditures:				
Current:				
General government	657,837	865,201	838,044	27,157
Security of persons and property:				
Police	1,463,896	1,465,096	1,420,202	44,894
Fire	214,450	214,450	201,187	13,263
Public health and welfare	714,335	714,335	773,704	(59,369)
Transportation	92,000	92,000	90,314	1,686
Leisure time activities:				
Senior center	75,700	75,700	72,624	3,076
Parks	115,462	117,962	101,007	16,955
Debt service:				
Principal retirement	715	715	715	-
Interest and fiscal charges	590	590	590	-
Total expenditures	<u>3,334,985</u>	<u>3,546,049</u>	<u>3,498,387</u>	<u>47,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>179,704</u>	<u>(31,360)</u>	<u>601,986</u>	<u>633,346</u>
Other financing sources (uses):				
Sale of assets	-	-	23,446	23,446
Transfers out	(90,000)	(101,500)	(101,500)	-
Total other financing sources (uses)	<u>(90,000)</u>	<u>(101,500)</u>	<u>(78,054)</u>	<u>23,446</u>
Net change in fund balance	89,704	(132,860)	523,932	656,792
Fund balance at beginning of year	<u>797,278</u>	<u>797,278</u>	<u>797,278</u>	<u>-</u>
Fund balance at end of year	<u>\$ 886,982</u>	<u>\$ 664,418</u>	<u>\$ 1,321,210</u>	<u>\$ 656,792</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 410,807	\$ 10,807
Investment income	3,000	3,000	4,279	1,279
Other	21,400	21,400	23,193	1,793
Total revenues	<u>424,400</u>	<u>424,400</u>	<u>438,279</u>	<u>13,879</u>
Expenditures:				
Current:				
Transportation	470,010	498,010	462,763	35,247
Total expenditures	<u>470,010</u>	<u>498,010</u>	<u>462,763</u>	<u>35,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,610)</u>	<u>(73,610)</u>	<u>(24,484)</u>	<u>49,126</u>
Other financing sources:				
Transfers in	50,000	50,000	50,000	-
Total other financing sources	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	4,390	(23,610)	25,516	49,126
Fund balance at beginning of year	90,989	90,989	90,989	-
Fund balance at end of year	<u>\$ 95,379</u>	<u>\$ 67,379</u>	<u>\$ 116,505</u>	<u>\$ 49,126</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PERMISSIVE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes.	\$ -	\$ -	\$ 37,988	\$ 37,988
Intergovernmental	62,400	62,400	18,993	(43,407)
Investment income	-	-	17	17
Other	-	-	717	717
Total revenues	<u>62,400</u>	<u>62,400</u>	<u>57,715</u>	<u>(4,685)</u>
Expenditures:				
Current:				
Transportation	50,000	50,000	50,000	-
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	12,400	12,400	7,715	(4,685)
Fund balances at beginning of year	6,631	6,631	6,631	-
Fund balance at end of year	<u>\$ 19,031</u>	<u>\$ 19,031</u>	<u>\$ 14,346</u>	<u>\$ (4,685)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 LOCAL FISCAL RECOVERY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 334,470	\$ 334,470
Total revenues	<u>-</u>	<u>-</u>	<u>334,470</u>	<u>334,470</u>
Net change in fund balance	-	-	334,470	334,470
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,470</u>	<u>\$ 334,470</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMS LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 209,950	\$ 209,950	\$ 215,746	5,796
Intergovernmental	10,000	10,000	15,516	\$ 5,516
Investment income	800	800	80	(720)
Total revenues	<u>220,750</u>	<u>220,750</u>	<u>231,342</u>	<u>10,592</u>
Expenditures:				
Current:				
Security of persons and property - fire	<u>139,432</u>	<u>219,432</u>	<u>211,345</u>	<u>8,087</u>
Total expenditures	<u>139,432</u>	<u>219,432</u>	<u>211,345</u>	<u>8,087</u>
Net change in fund balance	81,318	1,318	19,997	18,679
Fund balance at beginning of year	80,143	80,143	80,143	-
Fund balance at end of year	<u>\$ 161,461</u>	<u>\$ 81,461</u>	<u>\$ 100,140</u>	<u>\$ 18,679</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 1,552,749	\$ 1,363,250	\$ 2,915,999
Receivables:			
Accounts	119,604	263,622	383,226
Intergovernmental	69	158	227
Materials and supplies inventory	5,883	5,332	11,215
Prepayments	3,109	11,185	14,294
Restricted assets:			
Customer deposits - cash	187,217	-	187,217
Total current assets	<u>1,868,631</u>	<u>1,643,547</u>	<u>3,512,178</u>
Noncurrent assets:			
Net OPEB asset	13,953	45,415	59,368
Capital assets:			
Non-depreciable capital assets	207,978	121,978	329,956
Depreciable capital assets, net	5,355,279	5,888,230	11,243,509
Total noncurrent assets	<u>5,577,210</u>	<u>6,055,623</u>	<u>11,632,833</u>
Total assets	<u>7,445,841</u>	<u>7,699,170</u>	<u>15,145,011</u>
Deferred outflows of resources:			
Pension	17,434	59,080	76,514
OPEB	6,859	24,047	30,906
Total deferred outflows of resources	<u>24,293</u>	<u>83,127</u>	<u>107,420</u>
Liabilities:			
Current liabilities:			
Accounts payable	15,414	19,944	35,358
Accrued wages and benefits payable	1,307	8,762	10,069
Intergovernmental payable	202	4,022	4,224
Accrued interest payable	48	365	413
OWDA loans payable	2,260	7,175	9,435
Vacation benefits payable	259	2,357	2,616
OPWC loans payable	2,460	11,937	14,397
Customer deposits payable from restricted assets	187,217	-	187,217
Total current liabilities	<u>209,167</u>	<u>54,562</u>	<u>263,729</u>
Long-term liabilities:			
Compensated absences payable	6,847	19,694	26,541
OWDA loan payable	34,175	45,215	79,390
OPWC loans payable	-	18,777	18,777
Net pension liability	124,521	405,301	529,822
Total long-term liabilities	<u>165,543</u>	<u>488,987</u>	<u>654,530</u>
Total liabilities	<u>374,710</u>	<u>543,549</u>	<u>918,259</u>
Deferred inflows of resources:			
Pension	60,030	180,021	240,051
OPEB	46,284	142,381	188,665
Total deferred inflows of resources	<u>106,314</u>	<u>322,402</u>	<u>428,716</u>
Total liabilities and deferred inflows of resources	<u>106,314</u>	<u>322,402</u>	<u>1,346,975</u>
Net position:			
Net investment in capital assets	5,524,798	5,927,731	11,452,529
Restricted for other purposes	187,217	-	187,217
Unrestricted	1,277,095	988,615	2,265,710
Total net position	<u>\$ 6,989,110</u>	<u>\$ 6,916,346</u>	<u>\$ 13,905,456</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Operating revenues:				
Charges for services	\$ 1,174,032	\$ 1,855,281	\$ -	\$ 3,029,313
Other operating revenues	47,949	1,021	-	48,970
Total operating revenues	<u>1,221,981</u>	<u>1,856,302</u>	<u>-</u>	<u>3,078,283</u>
Operating expenses:				
Personal services	74,981	241,689	-	316,670
Contract services	542,565	556,170	442,858	1,541,593
Materials and supplies	143,359	178,953	-	322,312
Depreciation	220,115	223,830	-	443,945
Other	32,221	379	-	32,600
Total operating expenses	<u>1,013,241</u>	<u>1,201,021</u>	<u>442,858</u>	<u>2,657,120</u>
Operating income (loss)	<u>208,740</u>	<u>655,281</u>	<u>(442,858)</u>	<u>421,163</u>
Nonoperating revenues(expenses):				
Interest and fiscal charges	<u>(579)</u>	<u>(1,475)</u>	<u>-</u>	<u>(2,054)</u>
Total nonoperating revenues(expenses)	<u>(579)</u>	<u>(1,475)</u>	<u>-</u>	<u>(2,054)</u>
Change in net position	208,161	653,806	(442,858)	419,109
Net position at beginning of year	<u>6,780,949</u>	<u>6,262,540</u>	<u>442,858</u>	<u>13,486,347</u>
Net position at end of year	<u>\$ 6,989,110</u>	<u>\$ 6,916,346</u>	<u>\$ -</u>	<u>\$ 13,905,456</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Sanitation	Total
Cash flows from operating activities:				
Cash received from customers	\$ 1,148,926	\$ 1,775,912	\$ -	\$ 2,924,838
Cash received from other operations	47,880	863	-	48,743
Cash payments for personal services	(178,839)	(570,360)	-	(749,199)
Cash payments for contractual services	(530,150)	(559,125)	(442,858)	(1,532,133)
Cash payments for materials and supplies	(147,092)	(181,808)	-	(328,900)
Cash payments for other expenses	(18,479)	(379)	-	(18,858)
Net cash provided by (used in) operating activities	<u>322,246</u>	<u>465,103</u>	<u>(442,858)</u>	<u>344,491</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(106,247)	(478,080)	-	(584,327)
Loan proceeds	36,435	52,390	-	88,825
Principal retirement	(7,057)	(17,524)	-	(24,581)
Interest and fiscal charges	(603)	(1,534)	-	(2,137)
Net cash used in capital and related financing activities	<u>(77,472)</u>	<u>(444,748)</u>	<u>-</u>	<u>(522,220)</u>
Net change in cash and cash equivalents	244,774	20,355	(442,858)	(177,729)
Cash and cash equivalents at beginning of year	<u>1,495,192</u>	<u>1,342,895</u>	<u>442,858</u>	<u>3,280,945</u>
Cash and cash equivalents at end of year	<u>\$ 1,739,966</u>	<u>\$ 1,363,250</u>	<u>\$ -</u>	<u>\$ 3,103,216</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 208,740	\$ 655,281	\$ (442,858)	\$ 421,163
Adjustments:				
Depreciation	220,115	223,830	-	443,945
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Materials and supplies inventory	(3,733)	(2,855)	-	(6,588)
Accounts receivable	(25,106)	(79,369)	-	(104,475)
Intergovernmental receivable	(69)	(158)	-	(227)
Prepayments	(460)	(8,536)	-	(8,996)
Net OPEB asset	(13,953)	(45,415)	-	(59,368)
Deferred outflows of resources - pension	7,979	19,480	-	27,459
Deferred outflows of resources - OPEB	11,175	31,150	-	42,325
Accounts payable	13,049	5,513	-	18,562
Accrued wages and benefits payable	30	2,740	-	2,770
Intergovernmental payable	(128)	492	-	364
Compensated absences payable	4,125	11,860	-	15,985
Vacation benefits payable	(389)	(858)	-	(1,247)
Customer deposits	13,742	-	-	13,742
Net pension liability	(48,776)	(130,405)	-	(179,181)
Net OPEB liability	(112,787)	(348,654)	-	(461,441)
Deferred inflows of resources - pension	20,468	49,373	-	69,841
Deferred inflows of resources - OPEB	28,224	81,634	-	109,858
Net cash provided by (used in) operating activities	<u>\$ 322,246</u>	<u>\$ 465,103</u>	<u>\$ (442,858)</u>	<u>\$ 344,491</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	<u>Custodial</u>
Assets:	
Cash and cash equivalents in segregated accounts	\$ 6,012
Total assets	<u>6,012</u>
Liabilities:	
Intergovernmental payable	<u>6,012</u>
Total liabilities	<u>\$ 6,012</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Custodial</u>
Additions:	
Fines and forfeitures collected for other governments	\$ 31,207
Total additions	<u>31,207</u>
Deductions:	
Fines and forfeitures distributed to other governments	<u>36,197</u>
Total deductions	<u>36,197</u>
Change in net position	(4,990)
Net position at beginning of year	<u>4,990</u>
Net position at end of year	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. The City does not have any component units, therefore, no component units are included as a part of this report.

The City participates in the Community Action Program Corporation of Washington-Morgan Counties, Ohio, the Wood, Washington, and Wirt Planning Commission and the Regional Income Tax Agency (RITA), which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 16.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

B. Fund Accounting

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

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

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

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

Permissive Tax Fund - The Permissive Tax Fund is used to account for shared permissive tax fees from the State and the City's own locally imposed permissive tax fees.

Local Fiscal Recovery Fund - The Local Fiscal Recovery Fund is used to account for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

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

Sanitation Fund - The Sanitation Fund is now operating within the General Fund as this service no longer meets the Enterprise Fund requirements.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. There are four categories of fiduciary funds: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Custodial funds are used to report other fiduciary activities that are not required to be reported in a trust fund. The City's only fiduciary fund is a custodial fund. The City's custodial fund accounts for mayor's court collections that are distributed to various local governments.

C. Measurement Focus

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

D. Basis of Accounting

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 13 and 14 for deferred outflows of resources related the City's net pension asset/liability and net OPEB asset/liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

For the City, see Notes 13 and 14 for deferred inflows of resources related to the City's net pension asset/liability and net OPEB asset/liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budget Process

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

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

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

F. Cash and Cash Equivalents

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

At year-end, the City had \$345,909 on deposit with the Washington County Treasurer for permissive funds collected, but not distributed yet to the City. The data regarding insurance and collateralization can be obtained from the Washington County Annual Financial Report for the year ended December 31, 2021. This amount is not included in the City's depository balance.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

During 2021, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by provisions of the Ohio Revised Code. Following the Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the General Fund, Street Fund, EMS Levy Fund, State Highway Fund (nonmajor governmental Fund), Permissive Tax Fund, and Coronavirus Relief Fund (nonmajor governmental fund). Interest revenue credited to the General Fund during 2021 amounted to \$42,794, which includes \$21,708 assigned from other City funds.

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

G. Inventory

Inventories of governmental funds are stated at cost while the inventories of the proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies. The costs of inventory items are recorded as expenditures in the governmental fund types and as expenses in the proprietary fund types when used.

On the governmental fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance which indicates that it does not constitute available spendable resources even though it is a component of current assets.

H. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

On the governmental fund financial statements, prepaid items are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of current assets.

I. Restricted Assets

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

J. Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans, lease purchase agreements and capital leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability/asset should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Fund Balance

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

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

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

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

N. Net Position

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

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

Contributions of capital in the governmental activities and the proprietary fund financial statements can arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. Internal Activity

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

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

R. Estimates

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value Measurements

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

U. Interfund Balances

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

V. Unearned Revenue

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied. At December 31, 2021 this includes grant revenue received before all eligibility requirements have been met.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2021, the City has implemented GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.”

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the City.

For 2021, the City has applied GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance” to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The following pronouncements are postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - FUND BALANCES

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the General Fund and major special revenue funds.

Net Change in Fund Balance

	Local Fiscal				
	General	Street	Permissive Tax	Recovery	EMS Levy
Budget basis	\$ 523,932	\$ 25,516	\$ 7,715	\$ 334,470	\$ 19,997
Net adjustment for revenue accruals	(4,898)	89,166	33,311	(334,470)	-
Net adjustment for expenditure accruals	(30,797)	(77,414)	(331,300)	-	-
Net adjustment for other financing sources/(uses)	(23,446)	-	-	-	-
Net adjustment for fund reclassification	57,841	-	-	-	-
GAAP basis	<u>\$ 522,632</u>	<u>\$ 37,268</u>	<u>\$ (290,274)</u>	<u>\$ -</u>	<u>\$ 19,997</u>

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

Fund balance	General	Street	Permissive Tax	EMS Levy	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 4,907	\$ 36,770	\$ -	\$ -	\$ -	\$ 41,677
Prepays	8,651	1,582	-	-	1,608	11,841
Total nonspendable	<u>13,558</u>	<u>38,352</u>	<u>-</u>	<u>-</u>	<u>1,608</u>	<u>53,518</u>
Restricted:						
Street improvements	-	176,913	33,160	-	18,022	228,095
Community development	-	-	-	-	35,171	35,171
Law enforcement	-	-	-	-	24,794	24,794
Pool improvements	-	-	-	-	31	31
Parks and recreation	-	-	-	-	1,650	1,650
Mayor's Court	-	-	-	-	35,501	35,501
Unclaimed monies	9,106	-	-	-	-	9,106
EMS Services	-	-	-	100,140	-	100,140
Deposits held	-	-	-	-	23,912	23,912
Issue II improvements	-	-	-	-	4,205	4,205
Total restricted	<u>9,106</u>	<u>176,913</u>	<u>33,160</u>	<u>100,140</u>	<u>143,286</u>	<u>462,605</u>
Committed:						
Capital Improvements	<u>492,764</u>	-	-	-	-	<u>492,764</u>
Total committed	<u>492,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492,764</u>
Unassigned	<u>1,584,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,584,307</u>
Total fund balances	<u>\$ 2,099,735</u>	<u>\$ 215,265</u>	<u>\$ 33,160</u>	<u>\$ 100,140</u>	<u>\$ 144,894</u>	<u>\$ 2,593,194</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits with Financial Institutions

At December 31, 2021, the carrying amount of all City deposits was \$5,322,022 and the bank balance of all City deposits was \$5,557,999. Of the bank balance, \$489,996 was covered by the FDIC and \$5,068,003 potentially exposed to custodial credit risk.

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

B. Investments

As of December 31, 2021, the City had the following investments:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturity 6 months or less</u>	<u>% of Total</u>
<i>Amortized cost:</i>			
STAR Ohio	\$ 318,458	\$ 318,458	100%

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 7 - INTERFUND ACTIVITY

Interfund transfers during 2021 consisted of the following:

Transfers to	Transfers from General
Street	\$ 50,000
Nonmajor Governmental Funds	51,500
Total Transfers	\$ 101,500

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2021, consisted of municipal income tax, property taxes, accounts (billings for user charged services including unbilled utility services), and intergovernmental receivables arising from entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the Sate Law at 35 percent of appraised market value. All property is required to be revaluated no less than every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Belpre. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by deferred inflows of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is reported as a deferred inflow of resources.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 – RECEIVABLES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2021 was \$5.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

Real Property	\$ 136,815,710
Public Utility Tangible Property	<u>3,938,370</u>
Total Assessed Value	<u><u>\$ 140,754,080</u></u>

B. Income Taxes

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

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Income tax proceeds are distributed to the General Fund. The City contracts with Regional Income Tax Agency (RITA) to collect income taxes on its behalf.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
Local Government	\$ 60,389
Gasoline and Excise Tax	196,827
Motor Vehicle License Tax	15,950
Rollback and Homestead	12,764
Permissive Motor Vehicle License Tax	4,204
BWC Refund	571
	<u>290,705</u>
Business-Type Activities:	
BWC Refund	227
	<u>227</u>
	<u><u>\$290,932</u></u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 2,727,575	\$ -	\$ -	\$ 2,727,575
Construction in Progress	37,859	331,300	(37,859)	331,300
Total Capital Assets not being Depreciated	<u>2,765,434</u>	<u>331,300</u>	<u>(37,859)</u>	<u>3,058,875</u>
Capital Assets being Depreciated:				
Buildings and Improvements	4,966,602	57,359	-	5,023,961
Machinery and Equipment	1,415,080	-	-	1,415,080
Vehicles	3,010,198	89,218	-	3,099,416
City Streets	21,396,122	-	-	21,396,122
Street Signals	698,289	-	-	698,289
Total Capital Assets being Depreciated	<u>31,486,291</u>	<u>146,577</u>	<u>-</u>	<u>31,632,868</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,597,054)	(106,188)	-	(2,703,242)
Machinery and Equipment	(1,200,481)	(59,461)	-	(1,259,942)
Vehicles	(2,348,107)	(109,813)	-	(2,457,920)
City Streets	(20,239,708)	(87,158)	-	(20,326,866)
Street Signals	(572,557)	(7,660)	-	(580,217)
Total Accumulated Depreciation	<u>(26,957,907)</u>	<u>(370,280)</u>	<u>-</u>	<u>(27,328,187)</u>
Total Capital Assets being Depreciated, Net	<u>4,528,384</u>	<u>(223,703)</u>	<u>-</u>	<u>4,304,681</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,293,818</u>	<u>\$ 107,597</u>	<u>\$ (37,859)</u>	<u>\$ 7,363,556</u>

Depreciation expense was charged to governmental programs as follows:

General Government	\$25,719
Security of Persons and Property:	
Police	45,105
Fire	80,894
Transportation	152,229
Leisure Time Activities:	
Senior Center	12,338
Parks	31,108
Pool	22,887
Total Depreciation Expense	<u>\$370,280</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - CAPITAL ASSETS - (Continued)

Business-type activity for the year ended December 31, 2021, was as follows:

Business-Type Activities:	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
Capital Assets not being Depreciated:				
Land	\$ 242,194	\$ -	\$ -	\$ 242,194
Construction in Progress	-	87,762	-	87,762
Total Capital Assets not being Depreciated	<u>242,194</u>	<u>87,762</u>	<u>-</u>	<u>329,956</u>
Capital Assets being Depreciated:				
Buildings and Improvements	766,659	-	-	766,659
Machinery and Equipment	2,193,992	62,268	-	2,256,260
Vehicles	382,559	220,782	-	603,341
Infrastructure	16,839,811	213,515	-	17,053,326
Total Capital Assets being Depreciated	<u>20,183,021</u>	<u>496,565</u>	<u>-</u>	<u>20,679,586</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(640,549)	(15,038)	-	(655,587)
Machinery and Equipment	(1,650,809)	(108,292)	-	(1,759,101)
Vehicles	(136,061)	(44,874)	-	(180,935)
Infrastructure	(6,564,713)	(275,741)	-	(6,840,454)
Total Accumulated Depreciation	<u>(8,992,132)</u>	<u>(443,945)</u>	<u>-</u>	<u>(9,436,077)</u>
Total Capital Assets being Depreciated, Net	<u>11,190,889</u>	<u>52,620</u>	<u>-</u>	<u>11,243,509</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,433,083</u>	<u>\$ 140,382</u>	<u>\$ -</u>	<u>\$ 11,573,465</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A schedule of changes in long-term obligations for the governmental activities of the City during 2021 follows.

	Balance 12/31/20	Additions	Retirements	Balance 12/31/21	Amounts Due in One Year
Governmental Activities:					
Fire Truck Loan (direct borrowing)	\$ 208,117	\$ -	\$ (75,618)	\$ 132,499	\$ 78,504
Police Pension	13,980	-	(715)	13,265	745
Net Pension Liability	2,705,920	-	(366,903)	2,339,017	-
Net OPEB Liability	949,272	5,303	(713,181)	241,394	-
Compensated Absences	59,164	70,754	(59,164)	70,754	-
Total Governmental Activities	<u>\$ 3,936,453</u>	<u>\$ 76,057</u>	<u>\$ (1,215,581)</u>	<u>\$ 2,796,929</u>	<u>\$ 79,249</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

	Balance 12/31/20	Additions	Retirements	Balance 12/31/21	Amounts Due in One Year
Business-Type Activities:					
OPWC Loans (direct borrowing):					
Water Well - 2%	\$ 9,517	\$ -	\$ (7,057)	\$ 2,460	\$ 2,460
Wastewater Treatment Plant - 2%	48,238	-	(17,524)	30,714	11,937
Total OPWC Loans	<u>57,755</u>	<u>-</u>	<u>(24,581)</u>	<u>33,174</u>	<u>14,397</u>
OWDA Loans (direct borrowing):					
Water System Improvements - 1.92%	-	36,435	-	36,435	2,260
Sewer System Improvements - 1.92%	-	52,390	-	52,390	7,175
Total OWDA Loans	<u>-</u>	<u>88,825</u>	<u>-</u>	<u>88,825</u>	<u>9,435</u>
Net Pension Liability	709,003	-	(179,181)	529,822	-
Net OPEB Liability	461,441	-	(461,441)	-	-
Compensated Absences	10,556	26,541	(10,556)	26,541	-
Total Business-Type Activities	<u>\$ 1,238,755</u>	<u>\$ 115,366</u>	<u>\$ (675,759)</u>	<u>\$ 678,362</u>	<u>\$ 23,832</u>

The police pension is paid from general property tax revenues from the General Fund. Compensated absences for sick leave liabilities will be paid from the General Fund, Street, and the Sewer and Water Funds. See Note 13 and Note 14 for details on the net pension liability and net OPEB liability, respectively.

The final draw on the Ohio Public Works Commission (OPWC) water well loan was received on September 18, 2000. The full amount of the loan was \$80,103 and was used for improvements to the water well. Charges for services in the Water Fund will repay this obligation. This OPWC loan matures in 2022.

On November 18, 1999, the City was approved for a \$1,023,600 loan through OPWC for its portion of the Issue II treatment plant project. Since the treatment plant improvements were completed under budget, the City did not borrow the full amount of the approved loan. The amount borrowed was \$850,444. Charges for services in the Sewer Fund will repay these obligations. This OPWC loan Matures in 2024.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the County for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

During 2021, the City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund capital improvements to the City's water and sewer infrastructure. The amount due to the OWDA is payable solely from Water and Sewer Fund revenues. The loan agreements function similar to a line-of-credit agreement and require semi-annual payments based on the permissible borrowings rather than the actual amount loaned.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Both of the City's OWDA loans have not been closed out as of December 31, 2021, therefore, the future annual debt service principal and interest requirements are not available.

The City entered into a bank loan in 2018 in the amount of \$373,885 to acquire a fire truck. The loan carries an interest rate of 3.7%. This is a direct borrowing since the terms have been negotiated directly between the lender and the City. Payments are due monthly with the final payment on August 14, 2023. Principal and interest is paid from the EMS Levy Fund.

The City's overall legal debt margin was \$14,779,178 at December 31, 2021

Principal and interest requirements to retire the police pension liability at December 31, 2021, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 745	\$ 560	\$ 1,305
2023	777	528	1,305
2024	809	496	1,305
2025	844	461	1,305
2026	879	426	1,305
2027 - 2031	4,985	1,540	6,525
2032 - 2035	4,226	390	4,616
	<u>\$ 13,265</u>	<u>\$ 4,401</u>	<u>\$ 17,666</u>

Principal and interest requirements to retire the OPWC loans at December 31, 2021, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 14,397	\$ 723	\$ 15,120
2023	12,177	431	12,608
2024	6,600	128	6,728
	<u>\$ 33,174</u>	<u>\$ 1,282</u>	<u>\$ 34,456</u>

Principal and interest requirements to retire the fire truck loan at December 31, 2021, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 78,504	\$ 3,628	82,132
2023	53,995	760	54,755
	<u>\$ 132,499</u>	<u>\$ 4,388</u>	<u>\$ 136,887</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2021, the City contracted with USI Midwest, LLC and insurance coverage is provided by the Public Entity Risk Services of Ohio (PERSO).

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

Type of Coverage	Limit	Aggregate	Deductible
Property:			
Blanket Building and Contents	\$26,216,694		\$1,000
Liability:			
General	1,000,000 per occurrence	\$3,000,000	0
Public Officials Liability	1,000,000 per occurrence	3,000,000	2,000
Law Enforcement	1,000,000 per occurrence	3,000,000	2,000
Vehicle:			
Liability	3,000,000		0
Medical Expense	5,000		0

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the last three years.

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

NOTE 12 - EMPLOYEE BENEFITS

A. Insurance

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

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

B. Compensated Absences

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2021 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2021 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The City's contractually required contribution for the Traditional Plan was \$184,201 for 2021. Of this amount, \$3,536 is reported as intergovernmental payable.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$120,217 for 2021. Of this amount, \$1,728 is reported as intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2021, the specific liability of the City for police pension was \$13,265 payable in semi-annual payments through the year 2035.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>OPERS - Traditional</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.00913100%	0.02390130%	
Proportion of the net pension liability/asset current measurement date	<u>0.00888500%</u>	<u>0.02278340%</u>	
Change in proportionate share	<u>-0.00024600%</u>	<u>-0.00111790%</u>	
Proportionate share of the net pension liability	\$ 1,315,674	\$ 1,553,165	\$ 2,868,839
Pension expense	(56,889)	106,433	49,544

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 64,928	\$ 64,928
Changes of assumptions	-	26,048	26,048
Changes in employer's proportionate percentage/ difference between employer contributions	2,336	27,285	29,621
Contributions subsequent to the measurement date	184,201	120,217	304,418
Total deferred outflows of resources	<u>\$ 186,537</u>	<u>\$ 238,478</u>	<u>\$ 425,015</u>
	OPERS - Traditional	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 55,036	\$ 60,507	\$ 115,543
Net difference between projected and actual earnings on pension plan investments	512,810	75,340	588,150
Changes in employer's proportionate percentage/ difference between employer contributions	66,924	102,061	168,985
Total deferred inflows of resources	<u>\$ 634,770</u>	<u>\$ 237,908</u>	<u>\$ 872,678</u>

\$304,418 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2022.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS -		
	Traditional	OP&F	Total
Year Ending December 31:			
2022	\$ (268,184)	\$ (15,560)	\$ (283,744)
2023	(85,272)	5,511	(79,761)
2024	(209,037)	(83,402)	(292,439)
2025	(69,941)	(21,349)	(91,290)
2026	-	(4,847)	(4,847)
Total	\$ (632,434)	\$ (119,647)	\$ (752,081)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
Total	<u>100.00 %</u>	<u>5.43 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability: Traditional Pension Plan	\$ 2,509,657	\$ 1,315,675	\$ 322,881

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below.

Valuation date	1/1/20 with actuarial liabilities rolled forward to 12/31/20
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 2,162,204	\$ 1,553,165	\$ 1,043,460

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2021.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$3,164 for 2021. Of this amount, \$45 is reported as intergovernmental payable.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability/Asset prior measurement date	0.00850400%	0.02390130%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.00827500%</u>	<u>0.02278340%</u>	
Change in proportionate share	<u>-0.00022900%</u>	<u>-0.00111790%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 241,394	\$ 241,394
Proportionate share of the net OPEB asset	(147,426)	-	(147,426)
OPEB expense	(937,836)	11,316	(926,520)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Changes of assumptions	\$ 72,476	\$ 133,360	\$ 205,836
Changes in employer's proportionate percentage/difference between employer contributions	1,720	1,608	3,328
Contributions subsequent to the measurement date	-	3,164	3,164
Total deferred outflows of resources	<u>\$ 74,196</u>	<u>\$ 138,132</u>	<u>\$ 212,328</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 133,049	\$ 39,817	\$ 172,866
Net difference between projected and actual earnings on OPEB plan investments	78,520	8,971	87,491
Changes of assumptions	238,874	38,484	277,358
Changes in employer's proportionate percentage/difference between employer contributions	40,053	45,831	85,884
Total deferred inflows of resources	<u>\$ 490,496</u>	<u>\$ 133,103</u>	<u>\$ 623,599</u>

\$3,164 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 2022.

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

	OPERS	OP&F	Total
Year Ending December 31:			
2022	\$ (227,686)	\$ (1,419)	\$ (229,105)
2023	(145,241)	704	(144,537)
2024	(34,120)	(2,642)	(36,762)
2025	(9,252)	208	(9,044)
2026	(1)	3,086	3,085
Thereafter	-	1,928	1,928
Total	<u>\$ (416,300)</u>	<u>\$ 1,865</u>	<u>\$ (414,435)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

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

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Change in Benefit Terms - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ 36,658	\$ 147,426	\$ 238,486

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 151,019	\$ 147,426	\$ 143,406

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.96%
Prior measurement date	3.56%
Cost of Living Adjustments	2.20% simple per year

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

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

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2.5x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 2.96% for 2020 and 3.56% for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96%), or one percentage point higher (3.96%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 301,004	\$ 241,394	\$ 192,222

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 15 - CONTINGENT LIABILITIES

A. Litigation

The City is not party to any legal proceedings that, in the opinion of management, are expected to have a significant adverse effect on the City's financial condition.

B. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

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

The Community Action Program Corporation of Washington-Morgan Counties, Ohio (the "Corporation"), is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program; the Community Action Bus Line (CABL); the Child Development Program; the Senior Nutrition Program; Women, Infants and Children's Supplemental Nutrition Program; the Home Weatherization Assistance and Energy Program; the Job Training and Partnership Act Program; Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program; and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Belpre and Washington and Morgan Counties, provides administrative services to these governments in specific programs. During 2021, the Corporation did not receive any administrative fees from the City. These fees were received by the Corporation directly from the granting agencies. The continued existence of the Corporation is not dependent on the City's continued participation and the City does not have an equity interest in the Corporation.

CITY OF BELPRE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

B. Wood, Washington, and Wirt Planning Commission

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

C. Regional Income Tax Agency (RITA)

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

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

NOTE 17 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.008885%	0.009131%	0.009726%	0.009879%
City's proportionate share of the net pension liability	\$ 1,315,675	\$ 1,804,804	\$ 2,663,754	\$ 1,549,824
City's covered payroll	\$ 1,201,943	\$ 1,342,521	\$ 1,315,486	\$ 1,297,738
City's proportionate share of the net pension liability as a percentage of its covered payroll	109.46%	134.43%	202.49%	119.43%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	126.64%	84.66%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016	2015	2014
	0.010217%	0.010255%	0.010707%	0.010707%
\$	2,320,107	\$ 1,776,295	\$ 1,291,384	\$ 1,262,216
\$	1,255,750	\$ 1,261,683	\$ 1,278,467	\$ 1,230,738
	184.76%	140.79%	101.01%	102.56%
	77.25%	81.08%	86.45%	86.36%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.02278340%	0.02390130%	0.02375900%	0.02374600%
City's proportionate share of the net pension liability	\$ 1,553,165	\$ 1,610,119	\$ 1,939,362	\$ 1,457,429
City's covered payroll	\$ 595,679	\$ 663,437	\$ 602,321	\$ 584,479
City's proportionate share of the net pension liability as a percentage of its covered payroll	260.74%	242.69%	321.98%	249.36%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%	63.07%	70.91%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02536800%	0.02275700%	0.02356720%	0.02356720%
\$ 1,606,792	\$ 1,463,968	\$ 1,220,879	\$ 1,147,797
\$ 590,342	\$ 528,095	\$ 521,263	\$ 517,904
272.18%	277.22%	234.22%	221.62%
68.36%	66.77%	72.20%	73.00%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 184,200	\$ 168,272	\$ 187,953	\$ 184,168
Contributions in relation to the contractually required contribution	<u>(184,200)</u>	<u>(168,272)</u>	<u>(187,953)</u>	<u>(184,168)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,315,714	\$ 1,201,943	\$ 1,342,521	\$ 1,315,486
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 168,706	\$ 150,690	\$ 151,402	\$ 153,416	\$ 159,996	\$ 121,533
<u>(168,706)</u>	<u>(150,690)</u>	<u>(151,402)</u>	<u>(153,416)</u>	<u>(159,996)</u>	<u>(121,533)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,297,738	\$ 1,255,750	\$ 1,261,683	\$ 1,278,467	\$ 1,230,738	\$ 1,215,330
13.00%	12.00%	12.00%	12.00%	13.00%	10.00%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 120,217	\$ 113,179	\$ 126,053	\$ 114,441
Contributions in relation to the contractually required contribution	<u>(120,217)</u>	<u>(113,179)</u>	<u>(126,053)</u>	<u>(114,441)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 632,721	\$ 595,679	\$ 663,437	\$ 602,321
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
 <i>Fire:</i>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 111,051	\$ 112,165	\$ 100,338	\$ 99,040	\$ 79,982	\$ 61,054
<u>(111,051)</u>	<u>(112,165)</u>	<u>(100,338)</u>	<u>(99,040)</u>	<u>(79,982)</u>	<u>(61,054)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 584,479	\$ 590,342	\$ 528,095	\$ 521,263	\$ 503,559	\$ 478,855
19.00%	19.00%	19.00%	19.00%	15.88%	12.75%
\$ -	\$ -	\$ -	\$ -	\$ 2,902	\$ 5,708
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,902)</u>	<u>(5,708)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,237	\$ 33,090
23.50%	23.50%	23.50%	23.50%	20.38%	17.25%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability/asset	0.008275%	0.008504%	0.009056%	0.009220%	0.009523%
City's proportionate share of the net OPEB liability/(asset)	\$ (147,426)	\$ 1,174,623	\$ 1,180,689	\$ 1,001,224	\$ 961,899
City's covered payroll	\$ 1,201,943	\$ 1,342,521	\$ 1,297,738	\$ 1,297,738	\$ 1,255,750
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	12.27%	87.49%	90.98%	77.15%	76.60%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.02278340%	0.02390130%	0.02375900%	0.02374600%	0.02536800%
City's proportionate share of the net OPEB liability	\$ 241,394	\$ 236,091	\$ 216,362	\$ 1,345,438	\$ 1,204,162
City's covered payroll	\$ 595,679	\$ 663,437	\$ 584,479	\$ 584,479	\$ 590,342
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.52%	35.59%	37.02%	230.19%	203.98%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,315,714	\$ 1,201,943	\$ 1,342,521	\$ 1,315,486
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 12,977	\$ 25,115	\$ 25,234	\$ 26,237	\$ 12,302	\$ 48,631
<u>(12,977)</u>	<u>(25,115)</u>	<u>(25,234)</u>	<u>(26,237)</u>	<u>(12,302)</u>	<u>(48,631)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,297,738	\$ 1,255,750	\$ 1,261,683	\$ 1,278,467	\$ 1,230,738	\$ 1,215,330
1.00%	2.00%	2.00%	2.05%	1.00%	4.00%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 3,164	\$ 2,978	\$ 3,317	\$ 3,012
Contributions in relation to the contractually required contribution	<u>(3,164)</u>	<u>(2,978)</u>	<u>(3,317)</u>	<u>(3,012)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 632,721	\$ 595,679	\$ 663,437	\$ 602,321
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,922	\$ 3,031	\$ 2,712	\$ 2,589	\$ 18,096	\$ 32,323
<u>(2,922)</u>	<u>(3,031)</u>	<u>(2,712)</u>	<u>(2,589)</u>	<u>(18,096)</u>	<u>(32,323)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 584,479	\$ 590,342	\$ 528,095	\$ 521,263	\$ 503,559	\$ 478,855
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%
\$ -	\$ -	\$ -	\$ -	\$ 690	\$ 2,233
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(690)</u>	<u>(2,233)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,237	\$ 33,090
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

CITY OF BELPRE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)

CITY OF BELPRE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017-2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Belpre's basic financial statements, and have issued our report thereon dated July 29, 2022, wherein we noted as described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Belpre's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Belpre's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Belpre's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Belpre's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Belpre's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Belpre's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Belpre's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
July 29, 2022

**CITY OF BELPRE
WASHINGTON COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2020-001	2020	<u>Material Weakness: Financial Statement Presentation</u> - The presentation of materially correct financial statements and the related notes is the responsibility of management and is an important part of the City's overall purpose. Financial reporting requires internal controls to help ensure the accuracy of the activity reported. Certain adjustments were posted to the audited financial statements to make them materially correct.	Partially Corrected	Repeated as Management Letter Comment
2020-002	2020	<u>Material Weakness: Major Fund Determination</u> - Per GASB Cod. 2200.158 and .159, the focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. The City's Coronavirus Relief Fund met the criteria for a major fund and was not properly separated on the financial statements.	Fully Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



CITY OF BELPRE

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/30/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov