

**CITY OF BELLEVUE, OHIO
HURON COUNTY**

AUDIT REPORT AND BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008



Mary Taylor, CPA

Auditor of State

City Council
City of Bellevue
3000 Seneca Industrial Parkway
Bellevue, Ohio 44811

We have reviewed the *Independent Auditor's Report* of the City of Bellevue, Huron County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 Bellevue is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 25, 2009

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CITY OF BELLEVUE, OHIO
HURON COUNTY
AUDIT REPORT AND BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To Members of City Council
City of Bellevue, Ohio

The Honorable Mary Taylor
Auditor of State
State of Ohio

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 Bellevue, Huron County, Ohio as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bellevue, Ohio's management. Our responsibility is to express opinions on these financial statements based on our audit.

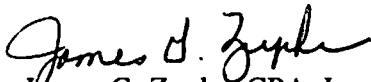
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

We were unable to obtain sufficient evidential matter supporting amounts reported as capital assets, accumulated depreciation, depreciation expense, and related net asset restrictions in the governmental activities and business-type activities.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine amounts reported as capital assets, accumulated depreciation, depreciation expense, and related net asset restrictions, the financial statements referred to in the first paragraph 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 Bellevue, Huron County, Ohio, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the General Fund and Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2009, on our consideration of the City of Bellevue, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.


James G. Zupka, CPA, Inc.
Certified Public Accountants

June 19, 2009

CITY OF BELLEVUE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

The discussion and analysis of the City of Bellevue's (the City) financial performance provides an overall view of the City's financial activities for the year ended December 31, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- The City's net assets increased \$32,518 as a result of this year's operations. The net assets of the City's governmental activities increased \$53,235 or .29 percent, and net assets for the City's business-type activities decreased by \$20,717.
- During the year, the City had expenses for governmental activities in the amount of \$6,950,655, which was covered by program and general revenues of \$7,003,890. Business-type activities applied program and general revenues of \$4,270,234 to \$4,290,951 of expenses in 2008, resulting in a loss of \$20,717.

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 as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. 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 remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column. In the case of the City, the General Fund is by far the most significant fund.

CITY OF BELLEVUE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

Reporting the City as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property laws in Ohio restricting revenue growth, facility conditions, required programs, and other factors.

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

- Governmental Activities - Most of the City's programs and services are reported here including Legislative and Executive, Judicial, Security of Persons and Property, Public Health and Welfare, Transportation, Community Environment, Basic Utilities, and Leisure Time Activities.
- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Water Fund and the Wastewater Pollution Fund are reported as business-type activities.

Reporting the City's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the General Fund and the Street Fund.

CITY OF BELLEVUE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

Governmental Funds Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted into 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 to finance City programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

The City as a Whole

Recall that the Statement of Net Assets provides the perspective of the City as a whole. Table 1 provides a summary of the City's net assets for 2008 compared to 2007:

Table 1 - Net Assets

	Governmental Activities 2008	Business-Type Activities 2008	Total 2008	Total 2007 as Restated
Assets				
Current and Other Assets	\$ 7,427,504	\$ 3,767,833	\$ 11,195,337	\$ 10,940,153
Capital Assets	<u>14,132,998</u>	<u>22,692,754</u>	<u>36,825,752</u>	<u>37,751,481</u>
Total Assets	<u>\$ 21,560,502</u>	<u>\$26,460,587</u>	<u>\$ 48,021,089</u>	<u>\$ 48,691,634</u>
Liabilities				
Other Liabilities	\$ 1,104,460	\$ 358,653	\$ 1,463,113	\$ 1,666,172
Long-Term Liabilities	<u>1,966,979</u>	<u>8,951,993</u>	<u>10,918,972</u>	<u>11,418,976</u>
Total Liabilities	<u>3,071,439</u>	<u>9,310,646</u>	<u>12,382,085</u>	<u>13,085,148</u>
Net Assets				
Invested in Capital Assets,				
Net of Debt	12,797,998	13,945,117	26,743,115	27,228,513
Restricted	1,949,150	0	1,949,150	1,843,255
Unrestricted	<u>3,741,915</u>	<u>3,204,824</u>	<u>6,946,739</u>	<u>6,534,718</u>
Total Net Assets	<u>\$ 18,489,063</u>	<u>\$ 17,149,941</u>	<u>\$ 35,639,004</u>	<u>\$ 35,606,486</u>

CITY OF BELLEVUE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

Table 2 shows the changes in net assets for the year 2008 compared to 2007 as restated:

Table 2 - Changes in Net Assets

	Governmental Activities 2008	Business-Type Activities 2008	Total 2008	Total 2007
<u>Revenues</u>				
Program Revenues:				
Charges for Services	\$ 164,728	\$ 4,219,500	\$ 4,384,228	\$ 3,994,792
Operating Grants	492,363	0	492,363	443,346
Capital Grants	435,805	0	435,805	0
General Revenue:				
Municipal Income Taxes	3,751,035	0	3,751,035	3,367,352
Property Taxes	870,584	0	870,584	921,334
Grants and Entitlements	886,766	0	886,766	505,657
Unrestricted Investment Earnings	184,811	0	184,811	365,667
Other	<u>217,798</u>	<u>50,734</u>	<u>268,532</u>	<u>343,142</u>
Total Revenues	<u>7,003,890</u>	<u>4,270,234</u>	<u>11,274,124</u>	<u>9,941,290</u>
<u>Expenses</u>				
Program Expenses:				
General Government				
Legislative and Executive	1,887,797	0	1,887,797	1,679,684
Judicial	256,817	0	256,817	260,093
Security of Persons and Property	2,577,545	0	2,577,545	2,703,166
Public Health and Welfare	104,900	0	104,900	167,701
Transportation	1,307,798	0	1,307,798	828,024
Community Environment	235,953	0	235,953	290,969
Basic Utilities	0	0	0	27,833
Leisure Time Activities	499,394	0	499,394	409,534
Interest and Fiscal Charges	80,451	0	80,451	84,643
Water Fund	0	2,133,546	2,133,546	2,032,959
Wastewater Pollution Fund	0	<u>2,157,405</u>	<u>2,157,405</u>	<u>1,945,125</u>
Total Expenses	<u>6,950,655</u>	<u>4,290,951</u>	<u>11,241,606</u>	<u>10,429,731</u>
Increase (Decrease) in Net Assets	53,235	(20,717)	32,518	(488,441)
Net Assets, Beginning of Year	<u>18,435,828</u>	<u>17,170,658</u>	<u>35,606,486</u>	<u>36,094,927</u>
Net Assets, End of Year	<u>\$18,489,063</u>	<u>\$17,149,941</u>	<u>\$35,639,004</u>	<u>\$35,606,486</u>

Governmental Activities

Presently, the City has non-voted millage of 6.1 mills for General Fund operations and .6 mills each for the Police Fund and Fire Pension Fund. The City has voted millage, which is outside the 10-mill limitation of 2.0 mills for ambulance and emergency medical services and 1.5 mills for recreation.

CITY OF BELLEVUE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

The unique nature of property taxes in Ohio sometimes creates the need to seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is still comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.

Thus, the City depends on municipal income taxes due to the lack of property tax revenue growth. Municipal income and property taxes made up 66 percent of revenues for governmental activities in calendar year 2008.

The revenues of the City's governmental activities increased by \$1,332,834, mainly due to the increase of estate tax revenue, municipal income taxes, and FEMA money, due to flooding in 2008. The expenses in the City's governmental activities increased by \$811,875, due to a street resurfacing project and expenses due to the flooding in 2008.

General Government - Legislative, Executive, and Judicial comprise 30.9 percent of governmental program expenses. Interest expense was 1.16 percent. Interest expense was attributable to outstanding bonds and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3 - Governmental Activities (in Millions)

	Total Cost of Services 2008	Net Cost of Services 2007	Total Cost of Services 2007
General Government			
Legislative and Executive	\$ 1,887,797	\$ 1,887,797	\$ 1,679,637
Judicial	256,817	256,817	260,093
Security of Persons and Property	2,577,545	2,107,481	2,632,665
Public Health and Welfare	104,900	71,015	144,390
Transportation	1,307,798	921,362	457,849
Community Environment	235,953	194,859	289,719
Basic Utility Services	0	0	27,833
Leisure Time Activities	499,394	337,977	193,760
Interest and Fiscal Charges	80,451	80,451	84,643
Total Expenses	\$ 6,950,655	\$ 5,857,759	\$ 5,770,589

CITY OF BELLEVUE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

The dependence upon tax revenues for governmental activities is apparent. Over 84 percent of program expenses and services are supported through taxes and other general revenues. The community, as a whole, is by far the primary support for the City.

Business-Type Activities

Business-type activities include the Water Fund and the Wastewater Pollution Fund. These programs had revenues of \$4,270,234 and expenses of \$4,290,951 for the year 2008 for a decrease in net assets of \$20,717. Business activities receive no support from tax revenues.

The City's Funds

Information about the City's major funds starts on page 13. These funds are accounted in the Statement of Revenue, Expenditures, and Changes in Fund Balance using the modified accrual basis of accounting. All governmental funds had total revenues of \$6,604,982 and expenditures of \$6,964,439. The General Fund, which is always a major fund, had a net decrease in fund balance of \$614,747. This decline indicates the City needs to decrease its expenditures, as its revenues are decreasing because of economic conditions.

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.

During the course of the year 2008, the City amended its General Fund budget only a few times, none significant. The City uses department-based budgeting and the budgeting systems are designed to tightly control total department budgets but provide flexibility for site management.

For the General Fund, final budget basis revenue was \$4,662,113. This estimate was applied to the final budget amount of expenditures and encumbrances of \$5,107,527. The City's ending unobligated cash balance was \$1,398,643.

Capital Assets and Debt Administration

Capital Assets

At the end of 2008, the City had \$36,825,752 invested in land, buildings and improvements, furniture, machinery, and equipment, vehicles, and infrastructure. \$14,132,998 is reported in the governmental activities and \$22,692,754 is reported in business-type activities. Table 4 shows the 2008 balances compared to 2007 balances.

CITY OF BELLEVUE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

Table 4 - Capital Assets, Net of Accumulated Depreciation

	Governmental Activities	Business-Type Activities	Total 2008 Restated
	2008	2008	
Land	\$ 719,694	\$ 3,532,950	\$ 4,252,644
Buildings and Improvement	5,826,254	16,810,941	22,637,195
Furniture, Machinery, and Equipment	2,771,719	4,237,314	7,009,033
Vehicles	2,987,728	228,764	3,216,492
Infrastructure	<u>12,652,681</u>	<u>16,528,717</u>	<u>29,181,398</u>
	24,958,076	41,338,686	66,296,762
Accumulated Depreciation	(10,825,078)	(18,645,932)	(29,471,010)
Totals	\$ 14,132,998	\$ 22,692,754	\$ 36,825,752
			\$ 37,751,481

See Note 8 to the financial statements for additional detail on capital assets.

Debt

At December 31, 2008, the City had \$10,082,637 in bonds and loans outstanding with \$693,558 due within one year. Table 5 summarizes bond and loans outstanding.

Table 5 - Outstanding Debt at Year End (in Millions)

	Governmental Activities	Business-Type Activities	Total 2008	Total 2007
	2008	2008		
Municipal Building	\$ 1,335,000	\$ 0	\$ 1,335,000	\$ 1,425,000
OWDA Loans	0	8,747,637	8,747,637	9,097,968
Total	\$ 1,335,000	\$ 8,747,637	\$ 10,082,637	\$ 10,522,968

Outstanding general obligation bonds consist of a municipal building issue. General obligation bonds are direct obligations of the City for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the City. The outstanding OWDA loans consist of loan agreements between the City and the Ohio Water Development Authority for construction of a wastewater treatment facility. The loans will be paid from resources of the Wastewater Pollution Fund.

See Note 10 to the financial statements for additional detail on debt.

CITY OF BELLEVUE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Unaudited)

For the Future

The City is just meeting its obligations. As the preceding information shows, the City heavily depends on its taxpayers. However, financially the future is not without challenges.

In conclusion, the City has committed itself to financial excellence for many years. In addition, the City's system of budgeting and internal controls is well regarded. All of the City's financial abilities will be needed to meet the challenges of the future.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information contact Steve Smith, City Auditor, 3000 Seneca Industrial Parkway, Bellevue, Ohio 44811-8709, or by e-mail at auditor@Cityofbellevue.com.

CITY OF BELLEVUE, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 4,161,012	\$ 2,837,980	\$ 6,998,992
Cash and Cash Equivalents In Segregated Accounts	495	10,390	10,885
Receivables:			
Taxes	2,130,513	0	2,130,513
Accounts	14,278	665,577	679,855
Notes	534,062	0	534,062
Due from Other Governments	535,523	0	535,523
Materials and Supplies Inventory	51,621	253,886	305,507
Capital Assets, Non-Depreciable	719,694	3,532,950	4,252,644
Capital Assets, Net of Depreciation	<u>13,413,304</u>	<u>19,159,804</u>	<u>32,573,108</u>
Total Assets	<u>\$ 21,560,502</u>	<u>\$ 26,460,587</u>	<u>\$ 48,021,089</u>
Liabilities			
Accounts Payable	\$ 95,030	\$ 177,789	\$ 272,819
Accrued Wages	75,220	22,959	98,179
Due to Other Governments	101,806	28,526	130,332
Deferred Revenue	826,131	0	826,131
Undistributed Monies	0	10,390	10,390
Accrued Interest Payable	6,273	118,989	125,262
Long-Term Liabilities:			
Due Within One Year	249,097	661,358	910,455
Due in More Than One Year	<u>1,717,882</u>	<u>8,290,635</u>	<u>10,008,517</u>
Total Liabilities	<u>3,071,439</u>	<u>9,310,646</u>	<u>12,382,085</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	12,797,998	13,945,117	26,743,115
Restricted for:			
Capital	637,519	0	637,519
Debt	23,376	0	23,376
Perpetual Care Unexpendable	6,760	0	6,760
Perpetual Care Expendable	70,471	0	70,471
Special Purposes	1,211,024	0	1,211,024
Unrestricted	<u>3,741,915</u>	<u>3,204,824</u>	<u>6,946,739</u>
Total Net Assets	<u>\$18,489,063</u>	<u>\$ 17,149,941</u>	<u>\$ 35,639,004</u>

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
STATEMENT OF ACTIVITIES
DECEMBER 31, 2008

							Net (Expenses) Revenue and Changes in Net Assets		
	Program Revenues						Primary Government		
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total			
Primary Government									
<i>Governmental Activities</i>									
General Government:									
Legislative and Executive	\$ 1,887,797	\$ 0	\$ 0	\$ 0	\$ (1,887,797)	\$ 0	0	\$ (1,887,797)	
Judicial	256,817	0	0	0	(256,817)	0	0	(256,817)	
Security of Persons and Property	2,577,545	133	34,126	435,805	(2,107,481)	0	0	(2,107,481)	
Public Health and Welfare	104,900	33,885	0	0	(71,015)	0	0	(71,015)	
Transportation	1,307,798	0	386,436	0	(921,362)	0	0	(921,362)	
Community Environment	235,953	0	41,094	0	(194,859)	0	0	(194,859)	
Leisure Time Activities	499,394	130,710	30,707	0	(337,977)	0	0	(337,977)	
Interest and Fiscal Charges	80,451	0	0	0	(80,451)	0	0	(80,451)	
<i>Total Governmental Activities</i>	<u>6,950,655</u>	<u>164,728</u>	<u>492,363</u>	<u>435,805</u>	<u>(5,857,759)</u>	<u>0</u>	<u>0</u>	<u>(5,857,759)</u>	
<i>Business-Type Activities</i>									
Water Fund	2,133,546	2,294,860	0	0	0	161,314	161,314		
Wastewater Pollution Fund	2,157,405	1,924,640	0	0	0	(232,765)	(232,765)		
<i>Total Business-Type Activities</i>	<u>4,290,951</u>	<u>4,219,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(71,451)</u>	<u>(71,451)</u>		
<i>Total Primary Government</i>	<u>\$11,241,606</u>	<u>\$ 4,384,228</u>	<u>\$ 492,363</u>	<u>\$ 435,805</u>	<u>(5,857,759)</u>	<u>(71,451)</u>	<u>(71,451)</u>	<u>(5,929,210)</u>	
General Revenues									
Taxes:									
Municipal Income Tax				3,751,035	0	3,751,035			
Property Taxes, Levied for General Purposes				870,584	0	870,584			
Grants and Entitlements Not Restricted to Specific Programs				886,766	0	886,766			
Unrestricted Investment Earnings				184,811	0	184,811			
Transfers				(50,734)	50,734	0			
Miscellaneous				268,532	0	268,532			
Total General Revenues				<u>5,910,994</u>	<u>50,734</u>	<u>5,961,728</u>			
Change in Net Assets				53,235	(20,717)	32,518			
Net Assets at Beginning of Year, as Restated				<u>18,435,828</u>	<u>17,170,658</u>	<u>35,606,486</u>			
Net Assets at End of Year				<u>\$18,489,063</u>	<u>\$17,149,941</u>	<u>\$35,639,004</u>			

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General	Street	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,456,357	\$ 106,445	\$ 2,598,210	\$ 4,161,012
Cash and Cash Equivalents in Segregated Accounts	495	0	0	495
Receivables:				
Taxes	1,555,972	0	574,541	2,130,513
Accounts	10,761	0	3,517	14,278
Notes	0	0	534,062	534,062
Due from Other Governments	270,738	202,673	62,112	535,523
Material and Supplies Inventory	<u>7,943</u>	<u>43,678</u>	0	51,621
Total Assets	<u><u>\$ 3,302,266</u></u>	<u><u>\$ 352,796</u></u>	<u><u>\$ 3,772,442</u></u>	<u><u>\$ 7,427,504</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 60,985	\$ 2,914	\$ 31,131	\$ 95,030
Accrued Wages	64,401	6,295	4,524	75,220
Due to Other Governments	83,806	10,910	7,090	101,806
Deferred Revenue	<u>1,728,357</u>	<u>176,400</u>	<u>614,044</u>	<u>2,518,801</u>
Total Liabilities	<u><u>1,937,549</u></u>	<u><u>196,519</u></u>	<u><u>656,789</u></u>	<u><u>2,790,857</u></u>
Fund Balances				
Reserved for Notes Receivable	0	0	534,062	534,062
Reserved for Community Development	0	0	794,230	794,230
Reserved for Encumbrances	36,969	6,212	67,716	110,897
Reserved for Inventory	7,943	43,678	0	51,621
Reserved for Perpetual Care	0	0	6,760	6,760
Unreserved	1,319,805	106,387	0	1,426,192
Unreserved, Reported in:				
Special Revenue Funds	0	0	981,519	981,519
Debt Service Fund	0	0	23,376	23,376
Capital Projects Fund	0	0	637,519	637,519
Permanent Funds	<u>0</u>	<u>0</u>	<u>70,471</u>	<u>70,471</u>
Total Fund Balances	<u><u>1,364,717</u></u>	<u><u>156,277</u></u>	<u><u>3,115,653</u></u>	<u><u>4,636,647</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 3,302,266</u></u>	<u><u>\$ 352,796</u></u>	<u><u>\$ 3,772,442</u></u>	<u><u>\$ 7,427,504</u></u>

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2008

Total Governmental Fund Balances	\$ 4,636,647
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,132,998
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:

Municipal Income Taxes	\$ 1,179,637
Grants	454,674
Property and Other Local Taxes	<u>58,359</u>
	1,692,670

Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Accrued Interest Payable	(6,273)
Compensated Absences Payable	(631,979)
General Obligation Bonds Payable	<u>(1,335,000)</u>
	<u>(1,973,252)</u>

Net Assets of Governmental Activities	<u>\$18,489,063</u>
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See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	General	Street	Other Governmental Funds	Total Governmental Funds
Revenues				
Municipal Income Tax	\$ 3,267,640	\$ 0	\$ 0	\$ 3,267,640
Property and Other Taxes	323,748	0	545,293	869,041
Intergovernmental	713,123	353,014	780,173	1,846,310
Investment Income	140,357	1,275	44,406	186,038
Licenses and Permits	55,279	0	0	55,279
Finds and Forfeitures	117,288	0	23,885	141,173
Charges for Services	133	0	164,595	164,728
Miscellaneous	41,529	0	33,244	74,773
Total Revenues	<u>4,659,097</u>	<u>354,289</u>	<u>1,591,596</u>	<u>6,604,982</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	1,961,175	0	43,257	2,004,432
Judicial	244,509	0	17,315	261,824
Security of Persons and Property	2,138,709	0	434,179	2,572,888
Public Health and Welfare	0	0	116,075	116,075
Transportation	0	628,897	436,778	1,065,675
Community Environment	204,490	0	45,728	250,218
Leisure Time Activities	0	0	522,506	522,506
Debt Service:				
Principal Retirement	0	0	90,000	90,000
Interest and Fiscal Charges	0	0	80,821	80,821
Total Expenditures	<u>4,548,883</u>	<u>628,897</u>	<u>1,786,659</u>	<u>6,964,439</u>
Excess of Revenue Over (Under) Expenditures	<u>110,214</u>	<u>(274,608)</u>	<u>(195,063)</u>	<u>(359,457)</u>
Other Financing Sources (Uses)				
Transfers In	358,022	302,050	807,982	1,468,054
Transfers Out	(1,082,983)	0	(435,805)	(1,518,788)
Total Other Financing Sources (Uses)	<u>(724,961)</u>	<u>302,050</u>	<u>372,177</u>	<u>(50,734)</u>
Net Change in Fund Balance	(614,747)	27,442	177,114	(410,191)
Fund Balances at Beginning of Year	1,979,464	120,469	2,938,539	5,038,472
Increase in Reserve for Inventory	0	8,366	0	8,366
Fund Balances at End of Year	<u>\$ 1,364,717</u>	<u>\$ 156,277</u>	<u>\$ 3,115,653</u>	<u>\$ 4,636,647</u>

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
DECEMBER 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ (410,191)
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Amounts reported in governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays were over (under) depreciation in the current period.

Capital Outlay	\$ 775,486
Depreciation	<u>(884,936)</u>
	(109,450)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal Income Taxes	483,395
Grants and Entitlements	(34,069)
Delinquent Property Taxes	1,543
Interest on Investments	<u>(1,227)</u>
	449,642

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

90,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

370

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Reserved for Inventory	8,366
Compensated Absences	<u>24,498</u>
	<u>32,864</u>

Change in Net Assets of Governmental Activities	<u>\$ 53,235</u>
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See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL -
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			Variance Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Municipal Income Taxes	\$ 3,240,285	\$ 3,240,285	\$ 3,514,815	\$ 274,530
Intergovernmental	548,650	548,650	695,997	147,347
Investment Income	307,500	307,500	140,357	(167,143)
Licenses and Permits	52,500	52,500	55,279	2,779
Fines and Forfeitures	122,500	122,500	114,746	(7,754)
Charges for Services	2,000	2,000	1,163	(837)
Property and Other Taxes	328,678	328,678	318,261	(10,417)
Miscellaneous	<u>60,000</u>	<u>60,000</u>	<u>49,428</u>	<u>(10,572)</u>
Total Revenues	<u>4,662,113</u>	<u>4,662,113</u>	<u>4,890,046</u>	<u>227,933</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,098,785	2,292,027	1,988,231	303,796
Judicial	280,500	284,175	249,612	34,563
Security of Persons and Property	2,274,500	2,284,261	2,136,449	147,812
Public Health and Welfare	50	50	0	50
Community Environment	<u>236,850</u>	<u>247,014</u>	<u>218,161</u>	<u>28,853</u>
Total Expenditures	<u>4,890,685</u>	<u>5,107,527</u>	<u>4,592,453</u>	<u>515,074</u>
Excess of Revenues Over (Under) Expenditures	<u>(228,572)</u>	<u>(445,414)</u>	<u>297,593</u>	<u>743,007</u>
Other Financing Sources (Uses)				
Transfers In	0	0	358,022	358,022
Transfers Out	<u>(1,271,000)</u>	<u>(1,273,162)</u>	<u>(1,082,983)</u>	<u>190,179</u>
Total Other financing Sources (Uses)	<u>(1,271,000)</u>	<u>(1,273,162)</u>	<u>(724,961)</u>	<u>548,201</u>
Net Change in Fund Balance	<u>(1,499,572)</u>	<u>(1,718,576)</u>	<u>(427,368)</u>	<u>1,291,208</u>
Fund Balances at Beginning of Year	1,767,569	1,767,569	1,767,569	0
Prior Year Encumbrances Appropriated	<u>58,442</u>	<u>58,442</u>	<u>58,442</u>	<u>0</u>
Fund Balances at End of Year	<u>\$ 326,439</u>	<u>\$ 107,435</u>	<u>\$ 1,398,643</u>	<u>\$ 1,291,208</u>

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
HURON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL -
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$ 349,800	\$ 349,800	\$ 352,796	\$ 2,996
Investment Income	2,000	2,000	1,275	(725)
Total Revenues	<u>351,800</u>	<u>351,800</u>	<u>354,071</u>	<u>2,271</u>
Expenditures				
Current:				
General Government:				
Transportation	699,000	709,007	643,080	65,927
Total General Government	<u>699,000</u>	<u>709,007</u>	<u>643,080</u>	<u>65,927</u>
Total Expenditures	<u>699,000</u>	<u>709,007</u>	<u>643,080</u>	<u>65,927</u>
Excess of Revenues Over (Under) Expenditures	<u>(347,200)</u>	<u>(357,207)</u>	<u>(289,009)</u>	<u>68,198</u>
Other Financing Sources (Uses)				
Transfers In	350,000	350,000	302,050	(47,950)
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>350,000</u>	<u>302,050</u>	<u>(47,950)</u>
Net Change in Fund Balance	2,800	(7,207)	13,041	20,248
Fund Balances at Beginning of Year	74,271	74,271	74,271	0
Prior Year Encumbrances Appropriated	10,006	10,006	10,006	0
Fund Balances at Year End	<u>\$ 87,077</u>	<u>\$ 77,070</u>	<u>\$ 97,318</u>	<u>\$ 20,248</u>

See accompanying notes to the Basic Financial Statements.

CITY OF BELLEVUE, OHIO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008

	Business-Type Activities - Enterprise Fund		
	Water Fund	Wastewater Pollution Fund	Total
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$ 726,301	\$ 2,111,679	\$ 2,837,980
Cash and Cash Equivalents In Segregated Accounts	10,390	0	10,390
Accounts Receivable	326,381	339,196	665,577
Inventory of Supplies	<u>208,268</u>	<u>45,618</u>	<u>253,886</u>
Total Current Assets	1,271,340	2,496,493	3,767,833
Capital Assets, Non-Depreciable	3,474,890	58,060	3,532,950
Capital Assets, Net of Accumulated Depreciation	<u>9,430,864</u>	<u>9,728,940</u>	<u>19,159,804</u>
Total Assets	\$14,177,094	\$ 12,283,493	\$ 26,460,587
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 121,802	\$ 55,987	\$ 177,789
Accrued Wages	14,300	8,659	22,959
Accrued Interest Payable	0	118,989	118,989
Compensated Absences Payable	42,375	15,425	57,800
Due to Other Governments	17,716	10,810	28,526
Undistributed Monies	10,390	0	10,390
OWDA Loan Payable	0	603,558	603,558
Total Current Liabilities	<u>206,583</u>	<u>813,428</u>	<u>1,020,011</u>
Long-Term Liabilities:			
Compensated Absences Payable	87,396	59,160	146,556
OWDA Loan Payable	0	8,144,079	8,144,079
Total Long-Term Liabilities	<u>87,396</u>	<u>8,203,239</u>	<u>8,290,635</u>
Total Liabilities	<u>293,979</u>	<u>9,016,667</u>	<u>9,310,646</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	12,905,754	1,039,363	13,945,117
Unrestricted	<u>977,361</u>	<u>2,227,463</u>	<u>3,204,824</u>
Total Net Assets	<u>\$13,883,115</u>	<u>\$ 3,266,826</u>	<u>\$17,149,941</u>

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Business-Type Activities - Enterprise Fund		
	Wastewater		
	Water Fund	Pollution Fund	Total
<u>Operating Revenues</u>			
Charges for Services	\$ 2,282,825	\$ 1,917,345	\$ 4,200,170
Other Operating Revenues	<u>7,290</u>	<u>3,199</u>	<u>10,489</u>
Total Operating Revenues	<u>2,290,115</u>	<u>1,920,544</u>	<u>4,210,659</u>
<u>Operating Expenses</u>			
Personal Services	903,746	632,482	1,536,228
Contractual Services	455,924	431,694	887,618
Materials and Supplies	328,723	178,170	506,893
Other Operating Expense	2,151	1,385	3,536
Depreciation	<u>443,002</u>	<u>678,043</u>	<u>1,121,045</u>
Total Operating Expenses	<u>2,133,546</u>	<u>1,921,774</u>	<u>4,055,320</u>
Operating Income (Loss)	<u>156,569</u>	<u>(1,230)</u>	<u>155,339</u>
<u>Non-Operating Revenues (Expenses)</u>			
Tap-In Fees	4,745	4,096	8,841
Interest and Fiscal Charges	0	(235,631)	(235,631)
Transfers In	<u>34,106</u>	<u>16,628</u>	<u>50,734</u>
Total Non-Operating Revenues (Expenses)	<u>38,851</u>	<u>(214,907)</u>	<u>(176,056)</u>
Changes in Net Assets	195,420	(216,137)	(20,717)
Total Net Assets at Beginning of Year	<u>13,687,695</u>	<u>3,482,963</u>	<u>17,170,658</u>
Total Net Assets at End of Year	<u>\$13,883,115</u>	<u>\$ 3,266,826</u>	<u>\$17,149,941</u>

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
DECEMBER 31, 2008

	<u>Business-Type Activities - Enterprise Fund</u>		
	Water Fund	Wastewater Pollution Fund	Total
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
<u>Cash Flows from Operating Activities</u>			
Cash Received for Services	\$ 2,238,690	\$ 1,865,420	\$ 4,104,110
Cash Received from Other Operating Sources	7,290	3,199	10,489
Cash Payments to Suppliers for Goods and Services	(888,221)	(604,566)	(1,492,787)
Cash Payments to Employees for Services	(936,765)	(627,618)	(1,564,383)
Net Cash Provided by (Used in) Operating Activities	420,994	636,435	1,057,429
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers In	34,106	16,628	50,734
Tap-In Fees	4,745	4,096	8,841
Net Cash Provided by Noncapital Financing Activities	38,851	20,724	59,575
<u>Cash Flows from Capital and Related Financing Activities</u>			
Payment of OWDA Loans	0	(350,331)	(350,331)
Payments for Capital Acquisitions	(179,537)	(125,229)	(304,766)
Interest Paid	0	(269,204)	(269,204)
Net Cash Provided by Capital and Related Financing Activities	(179,537)	(744,764)	(924,301)
Net Increase (Decrease) in Cash and Cash Equivalents	280,308	(87,605)	192,703
Cash and Cash Equivalents at Beginning of Year	<u>456,383</u>	<u>2,199,284</u>	<u>2,655,667</u>
Cash and Cash Equivalents at End of Year	\$ 736,691	\$ 2,111,679	\$ 2,848,370
<u>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</u>			
Operating Income (Loss)	\$ 156,569	\$ (1,230)	\$ 155,339
Adjustments:			
Net Cash from Operating Activities:			
Depreciation Expense	443,002	678,043	1,121,045
(Increase) Decrease in Assets:			
Accounts Receivable	(44,212)	(51,925)	(96,137)
Materials and Supplies Inventory	(36,488)	0	(36,488)
Increase (Decrease) in Liabilities:			
Accounts Payable	(64,935)	7,145	(57,790)
Accrued Wages and Benefits	(1,156)	2,158	1,002
Compensated Absences Payable	(36,078)	903	(35,175)
Due to Other Governments	4,215	1,341	5,556
Undistributed Monies	77	0	77
Total Adjustments	<u>264,425</u>	<u>637,665</u>	<u>902,090</u>
Net Cash Provided by Operating Activities	\$ 420,994	\$ 636,435	\$ 1,057,429

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 30,814	\$ 3,793
Cash and Cash Equivalents in Segregated Accounts	0	10,319
Accounts Receivable	0	981
Total Assets	<u>\$ 30,814</u>	<u>\$ 15,093</u>
Liabilities		
Undistributed Monies	\$ 0	\$ 13,922
Accounts Payable	0	1,171
Total Liabilities	<u>0</u>	<u>\$ 15,093</u>
Net Assets		
Unrestricted:		
Undesignated	30,814	
Total Net Assets	<u>\$ 30,814</u>	

CITY OF BELLEVUE, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008

	Private Purpose <u>Trust</u>
<u>Assets</u>	
Interest Income	\$ 389
Total Assets	<u>389</u>
<u>Liabilities</u>	
Other Operating Expenses	0
Total Liabilities	<u>0</u>
Change in Net Assets	389
Net Assets at Beginning of Year	<u>30,425</u>
Net Assets at End of Year	<u>\$ 30,814</u>

See accompanying notes to the basic financial statements.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 1: DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of Bellevue (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under a council-mayor government. The City provides police protection within its boundaries and fire protection to its citizens and adjacent townships. The City provides basic utilities in the form of water and wastewater treatment. The City constructs and maintains streets and sidewalks within the City. The City also operates and maintains parks.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the 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.

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; 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 organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt, or the levying of their taxes. The City has no component units.

In 2008, the City took over the assets and operations of the City's revolving loan program, which was, in the past, administered by the Bellevue Development Corporation, a nonprofit corporation. The City has not included the City of Bellevue School District, as it has no control over its operations and is an autonomous entity.

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

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 1: DESCRIPTION OF THE ENTITY AND REPORTING ENTITY (Continued)

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the provisions of GASB Statement No. 20, the City has elected not to apply Financial Accounting Standards Board Statements and interpretations issued after November 30, 1989, to its proprietary activities. Election of this approach to accounting for proprietary activities by the City has required no change from prior years.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

Government-wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of 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 business segment or governmental function is self-financing or draws from the general revenues of the City.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

A. Basis of Presentation (Continued)

Fund Financial Statements

During the year, the City segregates transactions related to certain City programs 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 a more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds focus 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 be or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The General Fund and the Street Fund are the City's major governmental funds:

General Fund - The General Fund is used to account for all financial resources except those required to be accounted for 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 - This fund is used account for 92.5 percent of the City's share of gasoline taxes and motor vehicle license fees as required by state statute for the maintenance of the City's streets.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

B. **Fund Accounting** (Continued)

Governmental Funds (Continued)

The other governmental funds of the City are for grants and other resources, debt service, and capital projects whose uses are restricted to a particular purpose.

Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds focus on the determination of the changes in net assets, financial position, and cash flows, and are classified as either enterprise or internal service. The City presently does not have an internal service fund.

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 City's enterprise funds are:

Water Fund - This fund accounts for the financial transactions related to water operations of the City.

Wastewater Pollution Fund - This fund accounts for the financial transactions related to the water treatment service operations of the City.

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City does not have investment trust funds or pension trust funds. The City's private purpose trust funds are for monies set aside for certain cemetery lots, the Community Center, and recreation equipment. The City's Agency Fund consists of unclaimed monies.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and others 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. Governmental fund financial statements therefore 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 fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

D. **Basis of Accounting** (Continued)

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. 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 non-exchange transactions 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: income taxes, property taxes, interest, grants, and miscellaneous account revenue.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria has been satisfied.

Property taxes, for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance 2009 operations, have been recorded as deferred revenue. Special assessments and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

D. **Basis of Accounting** (Continued)

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. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. **Budget**

An annual appropriated budget is legally required to be prepared for all funds of the City other than agency funds. Council passes appropriations at the department level. Line item appropriations may be transferred between the accounts with the approval of the City Auditor and either the Mayor or Safety Services Director. Council must approve any revisions in the budget that alter total fund appropriations. The following are the procedures used by the City in establishing the budgetary date reported in the basic financial statements:

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, for the period January 1 to December 31 of the following year. This requirement was waived by the Sandusky County Auditor for calendar year 2008.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

E. **Budget** (Continued)

Estimated Resources (Continued)

certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2008.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year for the period of January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution fixes spending authority at the fund, department, and object level. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. Council legally enacted several supplemental appropriation ordinances during the year. The budget figures, which appear in the statement of budgetary comparisons, present the original and final appropriation amounts including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be reappropriated.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

F. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund balance integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the combined balance sheet.

During 2008, investments were limited to STAROhio, the State Treasurer's investment pool.

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during year 2008 amounted to \$140,357, which included \$61,656 assigned from other funds of the City.

The City has invested funds in the State Treasurer's Asset Reserve of Ohio (STAROhio) during the year 2008. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the balance sheet as "Cash in Segregated Accounts" since they are not required to be deposited into the City's treasury.

For purposes of the statement of cash flows and for presentation on the balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

G. Inventories

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of zero. Public domain ("infrastructure") general capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems have been capitalized under new requirements of the Governmental Accounting Standards Board but only for the current year. The City anticipates adding all infrastructure next year. Improvements are capitalized and 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 reported capital assets are depreciated. Improvements are depreciated over the remaining useful life of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

H. Capital Assets (Continued)

<u>Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Land Improvements	15 years	15 years
Buildings and Improvements	40 years	40 years
Furniture and Equipment	10 years	10 years
Vehicles	5 years	5 years
Infrastructure	80 years	80 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Presently, there are no interfund receivables or payables.

J. Compensated Absences

Compensated absences of the City consist of vacation leave, holiday, personal, compensatory, and sick leave to the extent that payment to the employee for these absences are attributed to services already rendered and are not contingent on a specific event that is outside the control of the City.

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to payment 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 other means, such as cash payment at termination or retirement.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

J. **Compensated Absences** (Continued)

Sick leave benefits are accrued 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 all accumulated unused vacation time when earned for all employees. The entire compensated absence liability is reported on the government-wide financial statements.

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund statements only to the extent they will be paid with current, expendable, available resources. In general, payments made within thirty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

L. **Fund Balance Reserves**

The City reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for community development, notes receivable, perpetual care memorials, encumbrances, and inventories of supplies and materials.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

N. 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 water and wastewater treatment charges for services. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

O. Interfund Activity

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

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 non-operating revenues/expense 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.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

Q. Estimates

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

NOTE 3: **BUDGET BASIS OF ACCOUNTING**

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

The Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget and Actual, General Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- C. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 3: **BUDGET BASIS OF ACCOUNTING** (Continued)

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>Street Fund</u>
Budget Basis	\$ (427,368)	\$ 13,041
Adjustments:		
Revenue Accruals:		
Accrued 2007, Received Cash in 2008	(319,156)	(26,055)
Accrued 2008, not yet Received in Cash	88,207	26,273
Expenditure Accruals:		
Accrued 2008, net yet Paid in Cash	(188,285)	25,176
Accrued 2007, Paid in Cash 2008	174,136	(20,119)
Encumbrances	<u>57,719</u>	<u>9,126</u>
GAAP Basis	<u>\$ (614,747)</u>	<u>\$ 27,442</u>

NOTE 4: **DEPOSITS AND INVESTMENTS**

Deposits

State statutes classify deposits 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 the City 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.

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

1. United State Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 4: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any Federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Securities lending agreements in which the City lends securities and the eligible institution agrees to exchange either securities described in division (A) or (B) or cash or both securities and cash, equal value for equal value;
8. High grade commercial paper in an amount not to exceed 5 percent of the City's total average portfolio;
9. Bankers' acceptances and commercial paper notes in an amount not to exceed 270 days and in an amount not to exceed 10 percent of the City's total average portfolio; and
10. Under limited circumstances, corporate debt interests rated in any of the three highest rating classifications by at least two nationally recognized rating agencies.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 4: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the County, 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 the 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.

Cash On Hand

At year-end, \$495 was on hand throughout the City in the form of drawer change and petty cash.

Deposits

At year-end, the carrying amount of the City's deposits was \$2,195,676 and the bank balance was \$2,212,710, \$542,773 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$1,669,937 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral pools at the Federal Reserve banks or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as a pool of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

CITY OF BELLEVUE, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 4: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

Collateral is required for demand deposits and certificates of deposit in excess of all deposits covered by Federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, and repurchase agreements.

The City's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category A includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category B includes uninsured and unregistered investments for which the securities are held by the Trust department or agent in the City's name. Category C includes uninsured and unregistered investments for which securities are held by the Trust department but not in the City's name. STAROhio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

<u>Investment Type</u>	Investment Maturity (in Years)	Credit Rating	Fair Value
STAROhio	Not Categorized	AAA	<u>\$4,858,632</u>

Credit Risk Standard and Poor's has assigned STAROhio an AAA rating. The City does not have a formal policy limiting credit risk.

Concentration of Credit Risk Credit risk also can arise in the wake of a failure to adequately diversify investments. The City places no limit on the amount that may be invested in any one issuer.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

	Reconciliation to Balance Sheet
City's Deposits	\$ 2,195,676
Petty Cash and Drawer Change	495
Investments	<u>4,858,632</u>
Total	<u><u>\$ 7,054,803</u></u>
Per Balance Sheet:	
Government-wide Statement of Net Assets:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 6,998,992
Cash and Cash Equivalents in Segregated Accounts	10,885
Statement of Fiduciary Net Assets:	
Equity in Pooled Cash, Cash Equivalents, and Investments	34,607
Cash and Cash Equivalents in Segregated Accounts	<u>10,319</u>
Total	<u><u>\$ 7,054,803</u></u>

NOTE 5: RECEIVABLES

Receivables at December 31, 2008, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, accounts (billings for utility service), and notes receivable. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. State law at 35 percent of appraised market value establishes assessed values. 2008 real property taxes are collected in and intended to finance 2009.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 5: **RECEIVABLES** (Continued)

Property Taxes (Continued)

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are 18.75 percent of true value.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.75 for Huron County and \$4.75 for Sandusky County per \$1,000 of assessed valuation for real property classified as residential/agricultural, and \$6.03 for Huron County and \$5.99 for Sandusky County per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

The following are the tax valuations for the City in Sandusky and Huron counties:

	Sandusky County	Huron County
Real Property - 2007 Valuation		
Residential/Agricultural	\$ 61,841,700	\$ 38,964,360
Public Utilities	13,900	527,810
Commercial/Industrial	<u>12,529,610</u>	<u>15,311,020</u>
Total Real Property	<u>74,385,210</u>	<u>54,803,190</u>
Tangible Personal Property - 2007 Valuation		
Public Utilities	<u>1,240,880</u>	<u>2,054,960</u>
Total Personal Property	<u>1,240,880</u>	<u>2,054,960</u>
Total Assessed Valuation	<u>\$ 75,626,090</u>	<u>\$ 56,858,150</u>

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 5: **RECEIVABLES** (Continued)

Property Taxes (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bellevue. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2008, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor were they levied to finance 2008 operations. The receivable is therefore offset by deferred revenue.

Income Taxes

The City levies a 1.5 percent income tax on substantially all income earned within the City. In addition, City residents employed in municipalities having an income tax less than 1.5 percent must pay the difference to the City. Additional increases in the income tax rate require voter approval.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

The income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service, and other governmental functions when needed, as determined by Council.

Due from Other Governments

A summary of due from other governments follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government Revenue Assistance	\$ 236,775
Homestead and Rollback	39,804
EMS Contract	17,396
Liquor Tax	131
Gasoline and Excise Tax	175,270
Motor Vehicle License Fees	43,837
Permissive Motor Vehicle License Tax	22,310
Total Governmental Activities	<u>\$ 535,523</u>

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 6: REVOLVING LOAN PROGRAM

In September 2008, the City began administering the revolving loan program which had been performed by the Bellevue Development Corporation (BDC), a non-profit organization. The revolving loan program offers incentives in the form of low-interest revolving loans, deferred loan payments, and interest and tax abatements which are offered to attract prospective firms. The City loans money for the purchase or improvement of industrial sites. The following notes receivable are secured by mortgages on the property and equipment purchased with loan monies. Balances outstanding at December 31, 2008 were as follows:

	Rate	Beginning Balance	Issuance	Paid	Ending Balance	Maturity Date
Down Home Foods	5%	\$ 26,969	\$ 0	\$ 7,413	\$ 19,556	2009
KMH Properties	5%	39,445	0	13,686	25,759	2016
Shear Illusions	5%	18,405	0	1,649	16,756	2010
Selbro, Inc. *	3%	170,802	0	7,917	162,885	2015
Woodshed Steakhouse	3.5%	0	175,000	2,284	172,716	2018
Precision II	5%	196,934	0	60,544	136,390	2011
Totals		\$ 452,555	\$ 175,000	\$ 93,493	\$ 534,062	

NOTE 7: INSURANCE

The City is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the City contracted through HCC Insurance Company for property, fleet, crime, and liability insurance. Coverage provided is as follows:

Building and Contents -				
Replacement Cost		\$2,500 Deductible, 90% Co-insured		\$ 29,734,017
General Liability		Per Occurrence Limit		\$ 1,000,000
General Liability		Aggregate		\$ 3,000,000
Public Officials Liability		Aggregate/Each Claim		\$ 1,000,000
Law Enforcement		\$10,000 Deductible		\$ 1,000,000
Firefighter		\$5,000 Deductible		\$ 5,000,000
Automobile - Comprehensive		\$500 Deductible		\$ 1,000,000
Collision		\$500 Deductible		\$ 1,000,000
Inland Marine		\$500 Deductible		\$ 916,000
Boiler and Machinery		\$250 Deductible		Various
Electronic Data Processing		\$500 Deductible - Replacement Cost		\$ 418,726
Blanket Bond		\$50,000 Per Occurrence		
Umbrella		Per Occurrence/Aggregate		\$ 4,000,000
Public Employee Dishonesty		\$250 Deductible/Per Loss		\$ 50,000
Theft Disappearance		\$250 Deduction - Outside and Inside		\$ 5,000

Real property and contents are 90 percent co-insured. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from last year.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 8: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 is as follows:

	Balance 12/31/2007	Additions	Retirements	Balance 12/31/2008
Governmental Activities				
Land	\$ 719,694	\$ 0	\$ 0	\$ 719,694
Land Improvements	211,090	0	0	211,090
Buildings	5,615,164	0	0	5,615,164
Furniture and Equipment	2,620,500	151,219	0	2,771,719
Infrastructure:				
Street Base	3,609,086	624,267	0	4,233,353
Street Surface	4,512,856	0	0	4,512,856
Street Storm Sewers	1,239,282	0	0	1,239,282
Street Lighting	2,667,190	0	0	2,667,190
Vehicles	2,987,728	0	0	2,987,728
Total Capital Assets - Governmental Activities	<u>24,182,590</u>	<u>775,486</u>	<u>0</u>	<u>24,958,076</u>
Less Accumulated Depreciation:				
Land Improvements	(71,707)	(11,755)	0	(83,462)
Buildings	(1,939,404)	(140,379)	0	(2,079,783)
Furniture and Equipment	(1,800,425)	(118,679)	0	(1,919,104)
Infrastructure:				
Street Base	(1,230,640)	(87,005)	0	(1,317,645)
Street Surface	(1,958,263)	(253,454)	0	(2,211,717)
Street Storm Sewers	(372,934)	(15,491)	0	(388,425)
Street Lighting	(251,789)	(133,360)	0	(385,149)
Vehicles	(2,314,980)	(124,813)	0	(2,439,793)
Total Accumulated Depreciation	<u>(9,940,142)</u>	<u>(884,936)</u>	<u>0</u>	<u>(10,825,078)</u>
Total Capital Assets - Governmental Activities, Net	<u>\$ 14,242,448</u>	<u>\$ (109,450)</u>	<u>\$ 0</u>	<u>\$ 14,132,998</u>
Business-type Activities				
Water Fund				
Land	\$ 3,474,890	\$ 0	\$ 0	\$ 3,474,890
Buildings	3,661,643	0	0	3,661,643
Equipment and Machinery	1,687,746	31,328	0	1,719,074
Vehicles	135,132	0	0	135,132
Infrastructure	12,053,987	148,209	0	12,202,196
Total Capital Assets - Water Fund	<u>21,013,398</u>	<u>179,537</u>	<u>0</u>	<u>21,192,935</u>
Less Accumulated Depreciation	<u>(7,844,179)</u>	<u>(443,002)</u>	<u>0</u>	<u>(8,287,181)</u>
Total Capital Assets - Business-type Activities - Water Fund, Net	<u>\$ 13,169,219</u>	<u>\$ (263,465)</u>	<u>\$ 0</u>	<u>\$ 12,905,754</u>
Business-type Activities				
Wastewater Pollution Fund				
Land	\$ 58,060	\$ 0	\$ 0	\$ 58,060
Buildings	13,149,298	0	0	13,149,298
Equipment and Machinery	2,490,855	27,385	0	2,518,240
Vehicles	93,632	0	0	93,632
Infrastructure	4,228,677	97,844	0	4,326,521
Total Capital Assets - Wastewater Pollution Fund	<u>20,020,522</u>	<u>125,229</u>	<u>0</u>	<u>20,145,751</u>
Less Accumulated Depreciation	<u>(9,680,708)</u>	<u>(678,043)</u>	<u>0</u>	<u>(10,358,751)</u>
Total Capital Assets - Business-type Activities - Wastewater Pollution Fund, Net	<u>\$ 10,339,814</u>	<u>\$ (552,814)</u>	<u>\$ 0</u>	<u>\$ 9,787,000</u>

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 8: CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

General Government:

Legislative and Executive	\$ 14,038
Judicial	12,074
Security of Persons and Places	2,931
Public Health and Welfare	25,143
Leisure Time Activities	72,694
Transportation	737,823
Basic Utilities	20,167
Community Environment	66
Total Depreciation Expense	<u>\$ 884,936</u>

NOTE 9: COMPENSATED ABSENCES

The City accrues unpaid vacation as it is earned and certain portions of sick leave pay as payment becomes probable. Sick leave accumulates at various rates as defined by City policy and union contracts. Up to three times a year, employees may choose to convert sick leave to cash to be paid at 90 per cent, up to 40 hours per year, provided the total accrued and unused sick leave hours does not fall below a certain level of minimum hours as specified in the union contract. Employees, other than police patrolmen, who have one year of service, are entitled to receive pay for all accrued but unused sick leave upon resignation or retirement at 90 per cent of the value. At December 31, 2008, the maximum vested liability to the City for accumulated unpaid sick leave, assuming the City would have to pay all accumulated sick leave if the City ceased operations approximated \$659,018.

A liability has been recognized in the accompanying financial statements for sick leave for employees (other than police officers) who have one year of service at 90 percent of the current value of the sick leave earned, except for those with years of service making them eligible for retirement for which 100 percent of the current value of the sick leave balances has been used.

A liability for accrued compensatory time, holiday, personal leave, and vacation for \$177,317 has been recognized. City employees earn vacation at varying rates depending on the length of service as defined by City policy and union contracts. Vacation leave may be accumulated up to a maximum of three times the employees' annual vacation allowance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 10: LONG-TERM LIABILITIES

	Principal Outstanding 12/31/2007	Additions	Retirements	Principal Balance 12/31/2008	Amounts Due in One Year
Governmental Activities					
Special Assessment Bonds - Municipal Building Bonds, Issued 1999, 5.8%	\$ 1,425,000	\$ 0	\$ 90,000	\$ 1,335,000	\$ 90,000
Compensated Absences Payable	<u>656,477</u>	<u>146,139</u>	<u>170,637</u>	<u>631,979</u>	<u>159,097</u>
Total Debt - Governmental Activities	<u>\$ 2,081,477</u>	<u>\$ 146,139</u>	<u>\$ 260,637</u>	<u>\$ 1,966,979</u>	<u>\$ 249,097</u>
Business-type Activities					
OWDA Loans - issued 7/6/93, 4.8% issued 5/27/04, 2.5%	\$ 1,858,066 7,239,902	\$ 0 0	\$ 274,149 76,182	\$ 1,583,917 7,163,720	\$ 287,465 316,093
Compensated Absences Payable	<u>239,531</u>	<u>35,011</u>	<u>70,186</u>	<u>204,356</u>	<u>57,800</u>
Total Debt - Business-type Activities	<u>\$ 9,337,499</u>	<u>\$ 35,011</u>	<u>\$ 420,517</u>	<u>\$ 8,951,993</u>	<u>\$ 661,358</u>

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

The outstanding OWDA loans consist of loan agreements between the City and the Ohio Water Development Authority for construction of a wastewater treatment facility. The loans will be paid from resources of the Wastewater Pollution Fund.

Compensated absences will be paid from the fund in which the employees' salary is paid. The General Fund and the Future Retirement Fund pay the most significant amounts.

The annual requirements to amortize all bonded debts outstanding as of December 31, 2008, including total interest payments of \$2,433,857 are as follows:

Years ending December 31	OWDA Loans		Special Assessment Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 603,558	\$ 241,742	\$ 90,000	\$ 76,320	\$ 693,558	\$ 318,062
2010	625,475	219,826	95,000	71,640	720,475	291,466
2011	648,268	197,032	100,000	66,700	748,268	263,732
2012	671,978	173,323	105,000	60,900	776,978	234,223
2013	696,645	148,656	115,000	54,810	811,645	203,466
2014-2018	1,881,033	563,050	670,000	167,330	2,551,033	730,380
2019-2023	2,130,610	321,628	160,000	9,280	2,290,610	330,908
2024-2026	<u>1,490,070</u>	<u>61,620</u>	<u>0</u>	<u>0</u>	<u>1,490,070</u>	<u>61,620</u>
Totals	<u>\$ 8,747,637</u>	<u>\$ 1,926,877</u>	<u>\$ 1,335,000</u>	<u>\$ 506,980</u>	<u>\$ 10,082,637</u>	<u>\$ 2,433,857</u>

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 11: CONDUIT DEBT

To provide for the acquisition, construction, and equipping of a replacement acute care hospital in the City and other hospital facilities, the City issued Hospital Revenue Bonds dated August 26, 2004. These bonds are special limited obligations of the City, payable solely from the revenues, as defined in the Bond Indenture, and other amounts derived from its ownership, leasing, sale, or subleasing of the existing facilities. The bonds do not constitute a debt or pledge of the faith and credit of the City or the State, and accordingly have not been reported in the accompanying financial statements. As of December 31, 2008, Hospital Facilities Revenue Bonds outstanding aggregated amount is \$9,940,000.

NOTE 12: DEFINED BENEFIT PENSION PLAN

The full-time employees of the City are covered by either the Ohio Public Employees Retirement System or the Ohio Police and Fire Pension Fund. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

Ohio Public Employees Retirement System (OPERS)

All City employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

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

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 12: **DEFINED BENEFIT PENSION PLAN** (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits. The authority to establish and amend benefits is established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. 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 Pension Plan. The 2008 member contribution rates were 10.00 percent for members in state and local classifications. Public safety and law enforcement members contributed 10.10 percent. The 2008 employer contribution rate for local government employer units was 14.00 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2008 was 17.40 percent.

The City's contributions to OPERS for all employees for the years ended December 31, 2008, 2007, and 2006, were \$346,192, \$342,461, and \$343,865, respectively; 93.10 percent has been contributed for 2008 and 100.00 percent has been contributed for 2007 and 2006.

Ohio Police and Fire Pension Fund

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

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 12: DEFINED BENEFIT PENSION PLAN (Continued)

Ohio Police and Fire Pension Fund

Plan members are required to contribute 10.00 percent of their annual covered salary, while employers are required to contribute 19.50 percent and 24.00 percent, respectively, for police officers and firefighters. The City's contributions to OP&F for police and firefighters were \$130,549 and \$113,245 for the year ending December 31, 2008, \$138,377 and \$104,589 for the year ended December 31, 2007, and \$133,609 and \$110,266 for the year ended December 31, 2006. 92.44 percent and 75.78 percent, respectively, has been contributed for 2008, and 100.00 percent has been contributed for 2007 and 2006.

NOTE 13: POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

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 plan. For qualifying members of the Traditional Pension Plan and the Combined Plan, this plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension Plan and the Combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 13: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local government employer units contributed at 14.00 percent of covered payroll and public safety and law enforcement employer units contributed at 17.40 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2007. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The differences between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor. The investment assumption rate for 2007 was 6.50 percent. An annual increase of 4.00 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes the 4.00 percent based increase, were assumed to range from 0.50 percent to 6.30 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 percent to 4.00 percent for the next 7 years. In subsequent years (8 and beyond), health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

OPEB is advance-funded on an actuarially determined basis. The Traditional Pension Plan and the Combined Plan had 363,503 active contribution participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. The City's contributions for 2008 that were used to fund post-employment benefits were \$173,096. The actual contribution and the actuarially required contribution amounts are the same.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 13: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Public Employees Retirement System (OPERS) (Continued)

The amount of \$12.8 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2007.

Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007, reported the actuarially accrued liability and the unfunded actuarially accrued liability of OPEB at \$29.8 billion and \$17.0 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

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

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F's 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 of the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 13: **POST-EMPLOYMENT BENEFITS** (Continued)

Ohio Police and Fire Pension Fund (Continued)

The Ohio Revised Code provides for contributions 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 for police and fire employers, respectively.

The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan for the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F for the years ending December 31, 2008, 2007, and 2006, were \$243,794, \$242,966, and \$243,875, respectively, of which \$77,040, \$77,268, and \$88,792, respectively, were allocated to the health care plan.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 14: CONTINGENT LIABILITIES

A. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by grantor agencies 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 City expects such amounts, if any, to be immaterial.

B. Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Law Director, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 15: INSURANCE POOLS

Ohio Rural Water Association Workers' Compensation Group Rating Plan

The City participates in a group-rating plan for workers' compensation as established under §4123.29 of the Ohio Revised Code. The Ohio Rural Water Association Workers' Compensation Group Rating Plan was established through the Ohio Rural Water Association (ORWA) as an insurance purchasing pool.

CompManagement, Inc. serves as the managed care organization for the plan. Each year, the participating members pay an enrollment fee to ORWA to cover the costs of administering the program. Employee health benefits are provided through a private carrier.

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 16: INTERFUND TRANSFERS

The following interfund transfers were made during 2008:

Transfers Out	
General	\$ 1,082,983
FEMA	435,805
Total Transfers Out	<u>\$ 1,518,788</u>
Transfers In	
General	\$ 358,022
Street Fund	302,050
Cemetery	85,000
Capital Improvement	402,162
Street Sweeper Fund	5,000
Police Pension	85,000
Fire Pension	60,000
Bone Retirement City Complex	170,820
Water Fund	34,106
Wastewater Pollution Fund	16,628
Total Transfers In	<u>\$ 1,518,788</u>

Transfers were made from the General Fund to Other Governmental Funds to subsidize various activities in other funds. Transfers were made from Other Governmental Funds to governmental, proprietary, and fiduciary funds for various requirements, the largest being a FEMA grant transferred for renovations and repairs due to flooding.

NOTE 17: PRIOR PERIOD ADJUSTMENT

In 2008, the City inventoried and valued its streets, storm sewers, and street lighting, which resulted in a change in governmental infrastructure. The following prior period adjustment is made to the net assets of the government-wide financial statements:

Net Assets, December 31, 2007	\$ 12,726,852
Governmental Capital Assets - Infrastructure	<u>5,708,976</u>
Restated Net Assets, December 31, 2007	<u>\$ 18,435,828</u>

CITY OF BELLEVUE, OHIO
HURON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(CONTINUED)

NOTE 18: **COMPLIANCE AND ACCOUNTABILITY**

Change in Accounting Principles

For fiscal year 2008, the City implemented GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and GASB Statement No. 50, *Pension Disclosures*.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other post-employment benefits.

The implementation of GASB Statements No. 49 and 50 did not have an effect on the financial statements of the City.

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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Ohio Society of Certified Public Accountants

**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***

To the Members of City Council
City of Bellevue, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellevue, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the City of Bellevue, Ohio's basic financial statements and have issued our report thereon dated June 19, 2009, which was qualified due to our inability to obtain sufficient evidential matter supporting amounts reported for capital assets, accumulated depreciation, depreciation expense, and related net assets restrictions in the governmental activities and business-type activities. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bellevue, Ohio's internal control over financial reporting as a basis for designing our auditing procedures 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 Bellevue, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Bellevue, Ohio's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Bellevue, Ohio's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Bellevue, Ohio's financial statements that is more than inconsequential will not be prevented or detected by the City of Bellevue, Ohio's internal control. We consider the deficiencies described in the accompanying Schedule of Findings as **Item 2008-1**, **Item 2008-2**, and **Item 2008-3** to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Bellevue, Ohio's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider **Item 2008-1** to be a material weakness.

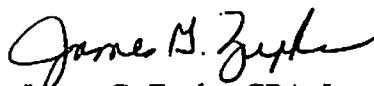
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bellevue, Ohio's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express 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*.

We noted certain matters that we reported to the management of the City of Bellevue, Ohio, in a separate letter dated June 19, 2009.

The City of Bellevue, Ohio's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the City of Bellevue, Ohio's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, management, City Council, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 19, 2009

**CITY OF BELLEVUE, OHIO
HURON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

Finding 2008-1 - Significant Deficiency/Material Weakness - Capital Assets

Statement of Condition

During our review of capital assets, we noted that the City does not maintain a comprehensive written capital asset policy or comprehensive records to account for capital asset balances, additions, deletions, and accumulated depreciation. We also noted that the City does not apply depreciation methods and useful lives to each capital asset.

Criteria

The City should maintain a comprehensive capital asset listing and track deletions and depreciation, as well as a capital asset addition and deletion policy

Cause/Effect

Failure to maintain or update capital asset listing when assets are purchased or deleted eliminates the ability of the City to accurately present the value of its capital assets. This could result in the overstatement or understatement of capital assets, related accumulated depreciation, depreciation expense and investment in capital assets, net of related debt.

Recommendation

We recommend that the City develop a centralized capital asset policy that includes a capital asset recording threshold; a method of recording depreciation which includes the date the asset was placed in service and the point at which depreciation will begin (i.e., half year, full year, month or day) whenever an item is placed into service, salvage value (if any), and useful life of the asset; appropriate documentation forms for the addition, deletion, or movement of an asset from one department/function to another with approval for deletion by City Council recorded in the City's minute records; maintain a detailed asset list by asset class (i.e., buildings, vehicles, etc.) and by department/function which will assist in the preparation of the City's basic financial statements. The list should also accurately reflect all current and accumulated depreciation, City affixed tag numbers, serial numbers (where applicable), date asset placed into service, salvage value, market value, etc., perform a physical count of capital assets to ensure all appropriate assets are properly included or excluded on the capital asset list and then perform periodic physical counts, at least bi-annually, to ensure the capital asset list properly reflects the City's capital assets and department utilizing the asset.

Client Response/Corrective Action Plan

The City Engineer has all historical costs for governmental activities infrastructure but is in the process of updating business activities infrastructure and all other capital assets. The City believes that it has support from the GAAP work to put together the asset listing as of December 31, 2009.

CITY OF BELLEVUE, OHIO
HURON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008
(CONTINUED)

Finding 2008-2 - Significant Deficiency - Payroll

Statement of Condition/Criteria

During our review of the payroll system, we noted the following deficiencies:

- 1) Payroll clerk inputs all new employees and terminations into the payroll system. However, there is no review of a new or terminated employee's payroll information by someone independent of the payroll process.
- 2) The Safety Service Director received a raise in 2008 but turned it down a few days later. This was documented in the personnel file but the payroll system was never modified to revert back to the Director's old pay rate. This resulted in a \$350 overpayment of gross pay in 2008.
- 3) Sick time was over-accrued for several employees in 2008. The option on the system to override the sick accrual was turned on and the option to limit the sick accrual to 120 hours per policy was turned off. This resulted in an overstatement of \$14,596 for sick balances that was corrected at December 31, 2008. In addition, the wrong sick code has been used to record sick time taken. In one instance, an employee was paid for all sick hours taken. However, the portion to be deducted from the sick bank was never recorded. There is no one independent of the payroll process monitoring sick time calculations. There was no overpayment of sick balances in 2008 and the client discovered the accrual problem.
- 4) Vacation request forms are not revised and/or initialed to reflect changes and approvals but each employee timesheet is reviewed and approved by department supervisors.
- 5) Many personnel files did not contain W-4 forms and two other personnel files had W-4 forms that were over 10 years old, and one authorization of direct deposit form was not in the personal file.
- 6) The City was unable to provide support for employee uniform allowance receipts and calculations. This calculated amount is to be excluded from taxable wages. However, the disbursements for uniform allowances were made in accordance with City policy and consistent with prior year transactions.
- 7) The final W-3 doesn't match the W-2 back-up information report from the payroll system. The generated system report should have the same financial information as the W-3 form.

**CITY OF BELLEVUE, OHIO
HURON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008
(CONTINUED)**

Finding 2008-2 - Significant Deficiency - Payroll (Continued)

Cause/Effect

Based on the above deficiencies, payroll, payroll tax forms, including sick and vacation, may be overstated or understated.

Recommendation

We recommend that the City Auditor review the data inputted into the system for new employees and pay rates should also be reviewed by the City Auditor for accuracy. In addition, vacation and sick forms and balances should be reviewed and approved for changes to ensure accuracy of time earned and taken. We recommend that the City require every employee complete a W-4 form and that a copy of the form is kept in each employee's personnel file. We also recommend that the City periodically have employees update their W-4 forms and keep a copy of the most current W-4 form in the City's personnel files. The City should also keep supporting documentation for all payroll information and reconcile the W-3 form with the system report before filing to ensure accuracy.

Client Response/Corrective Action Plan

In May of 2008, the payroll clerk in the auditor's office was laid off and the accounts payable clerk then assumed her duties. This clerk subsequently resigned in March of 2009 and a new clerk was hired. This difficult transition period led to human error as well as discovery of payroll software deficiencies. In addition to the recommendations of the audit firm, the City Administration and the auditor's office are continuing to review the payroll process to improve accuracy and efficiency while addressing the internal control challenges created as a result of limited staffing.

**CITY OF BELLEVUE, OHIO
HURON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008
(CONTINUED)**

Finding 2008-3 - Significant Deficiency - Accounts Payable and Expenditures

Statement of Condition/Criteria

During our testing of accounts payable and expenditures, we noted the following deficiencies:

- 1) There were duplicate payment of invoices during the audit period which were less than \$3,100.
- 2) The City has difficulty locating vendor invoices because they have been misplaced. However, we did review the invoices from the vendors and noted they were for proper expenditures, upon receipt of duplicate invoices from the respective vendors.

Cause/Effect

Duplicate payments to vendors can case an overstatement of expenditures. Not having proper support for vendors could indicate payment to a fictitious vendor or unapproved purchase.

Recommendation

We recommend that expenditure vouchers be filed in a timely manner and in numerical check order to make the invoices easily accessible. The payment and recording of expenditures should be closely monitored and the disbursement should be made only from approved documentation such as original invoices. Also, invoice payment procedures could be streamlined to improve controls over accounts payable and cash disbursement processing.

Client Response/Corrective Action Plan

The City will implement the recommendation.

CITY OF BELLEVUE, OHIO
STATUS OF PRIOR CITATIONS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Explanation</u>
2007-1	Material weakness regarding lack of capital asset support	No	Corrected; Significantly Different Corrective Action Taken; or Finding no longer valid: Explanation Not corrected - repeated as Finding 2008-1 in this report

Management letter comments have been corrected or repeated in the current audit report.



Mary Taylor, CPA

Auditor of State

CITY OF BELLEVUE

HURON COUNTY

CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 8, 2009