



**Mary Taylor, CPA**  
Auditor of State



**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

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LOGAN COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County (the City), as of and for the year ended December 31, 2009, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellefontaine, Logan County, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General 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 August 18, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Federal Awards Expenditures is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Mary Taylor, CPA**  
Auditor of State

August 18, 2010

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(UNAUDITED)**

This discussion and analysis of the City of Bellefontaine's (City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$62 million (net assets). Of this amount, \$7.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$1.7 million, or 3 percent.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.4 million, a decrease of \$1.4 million, or 16 percent in comparison with the prior year.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$2.9 million, or 38 percent of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

*Statement of Net Assets and Statement of Activities*

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" 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 whether the financial position of the City, as a whole, has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as the condition of the City's capital assets will also need to be evaluated.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
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(UNAUDITED)**

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

- Governmental Activities – Most of the City's services are reported here including police, fire, administration and all departments, except utilities.
- Business-Type Activities – The business-type activities of the City primarily consist of water distribution, sewage collection and treatment, refuse collection, and airport administration.

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

*Fund Financial Statements*

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

*Governmental Funds*

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

The City's governmental activities are accounted for in 49 individual funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Capital Improvement and Reconstruction Improvement Funds, which are considered to be the City's major governmental funds. Data from the other 36 governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

*Proprietary Funds*

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

*Fiduciary Funds*

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

*Notes to the basic financial statements*

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



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(UNAUDITED)**

**THE CITY OF BELLEFONTAINE 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 2009 compared to 2008.

**TABLE 1**

**Net Assets**

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2009	As restated 2008	2009	As restated 2008	2009
Current and other assets	\$ 11,448,330	\$ 9,721,628	\$ 6,380,944	\$ 6,274,490	\$ 17,829,274	\$ 15,996,118
Capital assets	22,149,500	24,115,711	29,680,915	30,286,647	51,830,415	54,402,358
Total Assets	<u>33,597,830</u>	<u>33,837,339</u>	<u>36,061,859</u>	<u>36,561,137</u>	<u>69,659,689</u>	<u>70,398,476</u>
Current liabilities	1,563,186	1,265,654	321,615	418,861	1,884,801	1,684,515
Long-term liabilities	1,885,558	1,890,751	5,676,212	4,890,195	7,561,770	6,780,946
Total Liabilities	<u>3,448,744</u>	<u>3,156,405</u>	<u>5,997,827</u>	<u>5,309,056</u>	<u>9,446,571</u>	<u>8,465,461</u>
Net Assets:						
Invested in capital assets, net of related debt	21,324,150	23,385,711	24,267,828	25,650,210	45,591,978	49,035,921
Restricted	5,355,324	4,579,322	817,438	841,519	6,172,762	5,420,841
Unrestricted	3,469,612	2,715,901	4,978,766	4,760,352	8,448,378	7,476,253
Total Net Assets	<u>\$ 30,149,086</u>	<u>\$ 30,680,934</u>	<u>\$ 30,064,032</u>	<u>\$ 31,252,081</u>	<u>\$ 60,213,118</u>	<u>\$ 61,933,015</u>

By far the largest portion of the City's net assets (79 percent) reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive net asset balances in each of its governmental and business-type activities net asset classifications. Unrestricted net assets of \$2.7 million and \$4.8 million in the governmental and business-type activities, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(UNAUDITED)**

Table 2 shows the changes in net assets for the year ended December 31, 2009 and 2008.

**TABLE 2  
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2008	2009	As restated		As restated	
			2008	2009	2008	2009
Program revenues:						
Charges for services	\$ 805,732	\$ 731,830	\$ 5,923,425	\$ 5,815,510	\$ 6,729,157	\$ 6,547,340
Grants and contributions	1,430,478	3,245,065	36,140	282,850	1,466,618	3,527,915
General revenues:						
Property taxes	808,146	704,167	-	-	808,146	704,167
Income taxes	5,770,826	5,094,981	-	-	5,770,826	5,094,981
Other local taxes	45,633	37,994	-	-	45,633	37,994
Unrestricted grants	661,315	808,296	-	-	661,315	808,296
Investment earnings	401,850	140,922	20,250	6	422,100	140,928
Other	229,143	180,228	54,986	19,374	284,129	199,602
<b>Total revenues</b>	<b>10,153,123</b>	<b>10,943,483</b>	<b>6,034,801</b>	<b>6,117,740</b>	<b>16,187,924</b>	<b>17,061,223</b>
Expenses:						
General government	2,323,552	2,408,819	-	-	2,323,552	2,408,819
Public safety	3,883,184	4,082,944	-	-	3,883,184	4,082,944
Public works	439,561	524,357	-	-	439,561	524,357
Health	170,337	234,200	-	-	170,337	234,200
Conservation and recreation	627,403	626,001	-	-	627,403	626,001
Economic development	366,775	815,350	-	-	366,775	815,350
Transportation	1,559,293	1,483,996	-	-	1,559,293	1,483,996
Interest on long-term debt	33,409	28,968	-	-	33,409	28,968
Water	-	-	1,763,548	1,622,661	1,763,548	1,622,661
Sewer	-	-	1,560,804	1,837,826	1,560,804	1,837,826
Airport	-	-	336,887	337,870	336,887	337,870
Garbage	-	-	768,690	791,744	768,690	791,744
Parking Meter	-	-	15,835	13,400	15,835	13,400
Ambulance	-	-	459,167	531,971	459,167	531,971
Other	-	-	1,059	1,219	1,059	1,219
<b>Total expenses</b>	<b>9,403,514</b>	<b>10,204,635</b>	<b>4,905,990</b>	<b>5,136,691</b>	<b>14,309,504</b>	<b>15,341,326</b>
Increase in net assets						
before transfers	749,609	738,848	1,128,811	981,049	1,878,420	1,719,897
Transfers	(197,245)	(207,000)	197,245	207,000	-	-
<b>Change in net assets</b>	<b>\$ 552,364</b>	<b>\$ 531,848</b>	<b>\$ 1,326,056</b>	<b>\$ 1,188,049</b>	<b>\$ 1,878,420</b>	<b>\$ 1,719,897</b>
Net assets, beginning, as restated	29,596,722	30,149,086	28,737,976	30,064,032	58,334,698	60,213,118
<b>Net assets, ending</b>	<b>\$ 30,149,086</b>	<b>\$ 30,680,934</b>	<b>\$ 30,064,032</b>	<b>\$ 31,252,081</b>	<b>\$ 60,213,118</b>	<b>\$ 61,933,015</b>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
(UNAUDITED)**

*Governmental Activities*

Property and income taxes and grants are the biggest contributors of revenue for the City's governmental activities, representing 90 percent of total governmental revenues. The City's income tax revenues constitute 47 percent of total governmental revenues. Public safety is the most significant expense of the City, accounting for 40 percent of total governmental expenses. The City's general government and transportation activities are also significant, constituting 24 percent and 15 percent of total governmental expenses, respectively.

During the fiscal year, net assets of the City's governmental activities increased by \$531,848, or 2 percent, in comparison with the previous year.

Program/restricted grants increased \$1.8 million, or 128 percent, primarily as a result of increase of funding for the reconstruction of Main Street and various economic development projects.

Investment earnings decreased \$266,822, or 66 percent as a result of the city using investments to fund projects coupled with deteriorating market conditions.

*Business-type Activities*

The City's primary business-type activities are water distribution, sewage collection and treatment, airport administration, and refuse collection. The City charges customers for providing these services.

During the fiscal year, net assets of the City's business-type activities increased by \$1.2 million. This increase is primarily the result of the \$1.1 million increase in net assets in the sewer fund. The net assets increase in the sewer fund was consistent with the prior year and represents the amount by which customer charges exceed the cost of sewage collection and treatment operations.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2009  
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**Total versus Net Cost of Services**

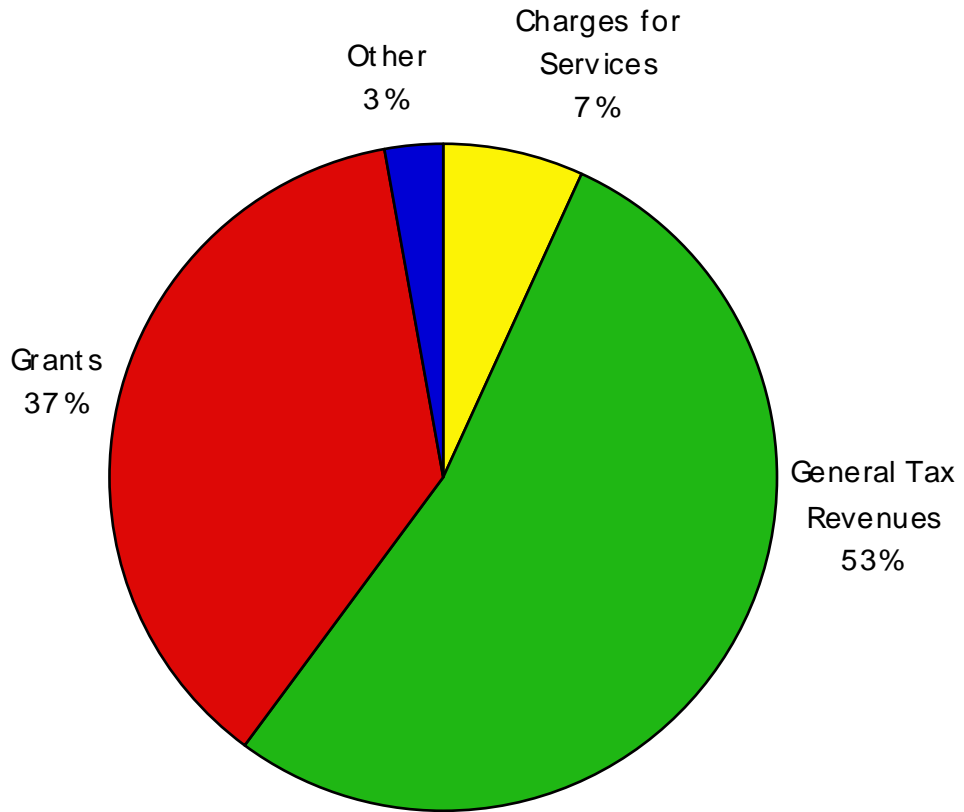
The Statement of Activities shows the cost of program services and the charges for services and grants associated with those services. Table 3 below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of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

**TABLE 3**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2008	2009	2008	2009
			As restated	
<b>Governmental Activities:</b>				
General government	\$ (2,323,552)	\$ (2,408,819)	\$ (2,255,371)	\$ (2,299,208)
Public safety	(3,883,184)	(4,082,944)	(3,239,038)	(3,494,820)
Public works	(439,561)	(524,357)	(439,561)	(524,357)
Health	(170,337)	(234,200)	(136,671)	(210,841)
Conservation and recreation	(627,403)	(626,001)	(503,094)	(505,344)
Economic development	(366,775)	(815,350)	7,255	(134,993)
Transportation	(1,559,293)	(1,483,996)	(567,415)	970,791
Interest on long-term debt	(33,409)	(28,968)	(33,409)	(28,968)
<b>Total Governmental Activities</b>	<b>(9,403,514)</b>	<b>(10,204,635)</b>	<b>(7,167,304)</b>	<b>(6,227,740)</b>
<b>Business-Type Activities:</b>				
Water	(1,763,548)	(1,622,661)	(42,353)	54,650
Sewer	(1,560,804)	(1,837,826)	1,314,388	987,114
Airport	(336,887)	(337,870)	(205,688)	35,628
Garbage	(768,690)	(791,744)	(105,382)	(94,797)
Parking Meter	(15,835)	(13,400)	(6,081)	(5,224)
Ambulance	(459,167)	(531,971)	99,750	(18,983)
Other	(1,059)	(1,219)	(1,059)	3,281
<b>Total Business-Type Activities</b>	<b>(4,905,990)</b>	<b>(5,136,691)</b>	<b>1,053,575</b>	<b>961,669</b>
<b>Grand Total</b>	<b>\$(14,309,504)</b>	<b>\$(15,341,326)</b>	<b>\$ (6,113,729)</b>	<b>\$ (5,266,071)</b>

CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY

MANAGEMENT'S DISCUSSION & ANALYSIS  
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The City's reliance upon general tax revenues is demonstrated by the graph above indicating 53 percent of total revenues from local taxes, as well as the net cost of services column on the preceding page reflecting the need for \$6.1 million of support.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
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**THE CITY'S FUNDS**

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

*Governmental Funds*

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.4 million, a \$1.4 million decrease from the previous year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2009 and 2008.

	<u>Fund Balance 12/31/2008</u>	<u>Fund Balance 12/31/2009</u>	<u>Increase (Decrease)</u>
General	\$ 3,765,205	\$ 3,111,272	\$ (653,933)
Capital improvements	2,892,343	2,630,393	(261,950)
Reconstruction Improvement	461,061	9,245	(451,816)
Other Governmental	1,722,883	1,654,266	(68,617)
Total	<u>\$ 8,841,492</u>	<u>\$ 7,405,176</u>	<u>\$ (1,436,316)</u>

*General Fund*

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2.8 million, or 38 percent of total general fund expenditures. The fund balance of the City's general fund decreased \$653,933, or 17 percent, during the current fiscal year. In comparison with the previous fiscal year, general fund revenues increased \$76,202 whereas general fund expenditures increased \$902,221. Despite increasing expenditure, the primary reason for the current years' decrease in fund balance is transfers out to support other funds totaling \$1.1 million.

*Capital Improvements Fund*

The Capital Improvements Fund accounts for the accumulation of financial resources to be used for the acquisition or construction of major capital facilities. The capital improvement funds' fund balance decreased \$261,950 during the fiscal year. The decrease is a result of capital outlay expenditures exceeding grant revenues in the fund.

*Reconstruction Improvement Fund*

The Reconstruction Improvement Fund accounts for the accumulation of financial resources to be used for the reconstruction and improvement of major capital facilities. The reconstruction improvement funds' fund balance decreased \$451,816 million during the fiscal year. The decrease is a result of capital outlay expenditures exceeding grant revenues in the fund.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS  
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*Other Governmental Funds*

The fund balance of the City's Other Governmental Funds decreased only \$68,617, or 4% in comparison with the prior year.

*Proprietary Funds*

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

Unrestricted net assets in the Water Fund at the end of the year amounted to \$466,827. Total net assets increased \$89,530 during the fiscal year. This increase primarily consists of operating income of \$173,175 offset by debt interest and fiscal charges of \$78,688.

Unrestricted net assets in the Sewer fund at the end of the year amounted to \$3.1 million. Total net assets increased \$1.1 million, or 10 percent, from the previous year. This increase primarily consists of operating income of \$1.1 million and transfers in totaling \$75,000, offset by debt interest and fiscal charges of \$102,697.

Unrestricted net assets in the Airport Fund at the end of the year amounted to \$60,931. Total net assets increased \$160,728 during the fiscal year. This increase primarily consists of an operating loss of \$170,332 and debt interest and fiscal charges of \$72,290, offset by grants revenue of \$278,350 and transfers in totaling \$125,000.

Unrestricted net assets in the Garbage Fund at the end of the year amounted to \$388,089. Total net assets decreased \$94,791, or 18 percent, during the current fiscal year. This decrease represents the operating loss for the fiscal year.

Unrestricted net assets in the Nonmajor Enterprise Funds at the end of the year amounted to \$769,067. Total net assets decreased \$35,262, or 3 percent, during the fiscal year. By far, the most significant nonmajor enterprise fund is the ambulance fund. Total net assets of the ambulance fund decreased \$36,305, or 3.2 percent, during the fiscal year.

**General Fund Budgetary Information**

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

The final amended revenue estimate was the same as the original estimate. The final appropriations exceeded the original appropriation resolution by \$1,241,000, or 15 percent.

The City's actual revenues exceeded the final amended revenue estimate by \$707,095, primarily as a result of intergovernmental revenues received for right-of-way acquisitions. The final amended appropriations exceeded actual expenditures by \$832,509, or 10%. This is primarily the result of expenditure reimbursements received from the police and fire levy fund for police and fire pensions (\$336,000) and from sewer fund for engineering salaries (\$135,000).

**CITY OF BELLEFONTAINE, OHIO  
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**MANAGEMENT'S DISCUSSION & ANALYSIS  
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**Capital Assets**

The City's investment in capital assets for governmental activities as of December 31, 2009 totals \$24.1 million (net of accumulated depreciation), an increase of \$2 million in comparison with the prior year. This investment in capital assets includes land, land improvements, buildings, equipment, furniture, vehicles, and infrastructure. This increase primarily consists of current year acquisitions of \$3 million offset by current year depreciation of \$1 million.

The City's investment in capital assets for business-type activities as of December 31, 2009 totals \$30.3 million (net of accumulated depreciation), an increase of \$605,732 in comparison with the prior year. This increase primarily consists of current year acquisitions of \$1.3 million offset by current year depreciation of \$699,262.

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

**Debt**

At the end of the current fiscal year, the City had total debt outstanding of \$5.4 million. Of this amount, \$4.8 million represents bonds backed by the full faith and credit of the City, \$50,000 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment, and the remaining approximately \$500,000 represents interest free loans.

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

**Contacting the City Auditor's Department**

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



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**STATEMENT OF NET ASSETS  
AS OF DECEMBER 31, 2009**

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Pooled cash and cash equivalents	\$ 4,642,971	\$ 4,111,268	\$ 8,754,239
Investments	2,482,892	-	2,482,892
Receivables:			
Taxes	1,780,719	-	1,780,719
Accounts	30,538	1,263,086	1,293,624
Intergovernmental	498,294	-	498,294
Internal Balances	81,701	(81,701)	-
Materials and supplies inventory	103,061	72,261	175,322
Prepaid items	19,125	46,417	65,542
Notes receivable	11,000	-	11,000
Special assessments receivable	50,000	-	50,000
Restricted cash and cash equivalents	-	841,519	841,519
Deferred bond costs	21,327	21,640	42,967
Nondepreciable Capital Assets	9,748,691	2,224,858	11,973,549
Depreciable Capital assets, net	14,367,020	28,061,789	42,428,809
<b>Total Assets</b>	<b>33,837,339</b>	<b>36,561,137</b>	<b>70,398,476</b>
<b>Liabilities</b>			
Accounts payable	157,087	136,081	293,168
Accrued wages and benefits	145,467	45,328	190,795
Intergovernmental payable	290,468	68,166	358,634
Unearned Revenue	670,541	-	670,541
Interest payable	2,091	23,296	25,387
Refundable deposits	-	145,990	145,990
Long-term liabilities			
Due within one year	414,276	897,539	1,311,815
Due in more than one year	1,476,475	3,992,656	5,469,131
<b>Total Liabilities</b>	<b>3,156,405</b>	<b>5,309,056</b>	<b>8,465,461</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	23,385,711	25,650,210	49,035,921
Restricted for:			
Capital projects	2,682,730	-	2,682,730
Debt service	163,476	841,519	1,004,995
Street maintenance and repair	521,570	-	521,570
Public safety	580,470	-	580,470
Other purposes	598,281	-	598,281
Unrestricted	2,748,696	4,760,352	7,509,048
<b>Total Net Assets</b>	<b>\$ 30,680,934</b>	<b>\$ 31,252,081</b>	<b>\$ 61,933,015</b>

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 2,408,819	\$ 38,852	\$ 70,759	\$ -
Public safety	4,082,944	548,962	39,162	-
Public works	524,357	-	-	-
Health	234,200	23,359	-	-
Conservation and recreation	626,001	120,657	-	-
Economic development	815,350	-	680,357	-
Transportation	1,483,996	-	548,762	1,906,025
Interest on long-term debt	28,968	-	-	-
<b>Total Governmental Activities</b>	<b>10,204,635</b>	<b>731,830</b>	<b>1,339,040</b>	<b>1,906,025</b>
<b>Business-type Activities:</b>				
Water	1,622,661	1,677,311	-	-
Sewer	1,837,826	2,824,940	-	-
Airport	337,870	95,148	-	278,350
Garbage	791,744	696,947	-	-
Parking Meter	13,400	8,176	-	-
Ambulance	531,971	512,988	-	-
Other	1,219	-	-	4,500
<b>Total Business-type Activities</b>	<b>5,136,691</b>	<b>5,815,510</b>	<b>-</b>	<b>282,850</b>
<b>Total Government</b>	<b>\$ 15,341,326</b>	<b>\$ 6,547,340</b>	<b>\$ 1,339,040</b>	<b>\$ 2,188,875</b>

General Revenues:  
 Property taxes  
 Income taxes  
 Other local taxes  
 Unrestricted grants and entitlements  
 Payments in lieu of taxes  
 Unrestricted investment earnings  
 Other unrestricted revenues  
 Gain/(Loss) on Disposal of Capital Assets  
 Transfers  
 Total general revenues and transfers

Change in Net Assets

Net assets at beginning of year, restated  
 Net assets at end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (2,299,208)	\$ -	\$ (2,299,208)
(3,494,820)	-	(3,494,820)
(524,357)	-	(524,357)
(210,841)	-	(210,841)
(505,344)	-	(505,344)
(134,993)	-	(134,993)
970,791	-	970,791
(28,968)	-	(28,968)
<u>(6,227,740)</u>	<u>-</u>	<u>(6,227,740)</u>
-	54,650	54,650
-	987,114	987,114
-	35,628	35,628
-	(94,797)	(94,797)
-	(5,224)	(5,224)
-	(18,983)	(18,983)
-	3,281	3,281
<u>-</u>	<u>961,669</u>	<u>961,669</u>
<u>\$ (6,227,740)</u>	<u>\$ 961,669</u>	<u>\$ (5,266,071)</u>
704,167	-	704,167
5,094,981	-	5,094,981
37,994	-	37,994
808,296	-	808,296
52,376	-	52,376
140,922	6	140,928
162,901	55,929	218,830
(35,049)	(36,555)	(71,604)
(207,000)	207,000	-
<u>6,759,588</u>	<u>226,380</u>	<u>6,985,968</u>
531,848	1,188,049	1,719,897
30,149,086	30,064,032	60,213,118
<u>\$ 30,680,934</u>	<u>\$ 31,252,081</u>	<u>\$ 61,933,015</u>

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2009**

	General Fund	Capital Improvement Fund	Reconstruction Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Pooled cash and cash equivalents	\$ 2,932,712	\$ 149,800	\$ 9,245	\$ 1,453,414	\$ 4,545,171
Investments	-	2,398,892	-	84,000	2,482,892
Receivables:					
Taxes	1,541,634	-	-	239,085	1,780,719
Accounts	16,319	-	-	14,219	30,538
Intergovernmental	207,913	-	-	290,381	498,294
Advance to other funds	-	81,701	-	-	81,701
Materials and supplies inventory	-	-	-	103,061	103,061
Loan receivable	-	-	-	11,000	11,000
Special assessments receivable	-	-	-	50,000	50,000
Prepaid items	16,428	-	-	2,697	19,125
Total assets	<u>\$ 4,715,006</u>	<u>\$ 2,630,393</u>	<u>\$ 9,245</u>	<u>\$ 2,247,857</u>	<u>\$ 9,602,501</u>
<b>Liabilities:</b>					
Accounts payable	\$ 96,081	\$ -	\$ -	\$ 61,006	\$ 157,087
Accrued wages and benefits	125,042	-	-	20,425	145,467
Intergovernmental payable	259,250	-	-	31,218	290,468
Deferred revenue	678,291	-	-	255,471	933,762
Unearned revenue	445,070	-	-	225,471	670,541
Total liabilities	<u>1,603,734</u>	<u>-</u>	<u>-</u>	<u>593,591</u>	<u>2,197,325</u>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	181,041	1,500	1,500	67,311	251,352
Supplies inventory	-	-	-	103,061	103,061
Prepaid items	16,428	-	-	2,697	19,125
Advances	-	81,701	-	-	81,701
Loans	-	-	-	11,000	11,000
Debt service	-	-	-	3,031	3,031
Endowments	-	-	-	76,000	76,000
Unreserved, reported in:					
General fund	2,913,803	-	-	-	2,913,803
Special revenue funds	-	-	-	1,214,815	1,214,815
Capital project funds	-	2,547,192	7,745	166,889	2,721,826
Permanent fund	-	-	-	9,462	9,462
Total fund balances	<u>3,111,272</u>	<u>2,630,393</u>	<u>9,245</u>	<u>1,654,266</u>	<u>7,405,176</u>
Total liabilities and fund balances	<u>\$ 4,715,006</u>	<u>\$ 2,630,393</u>	<u>\$ 9,245</u>	<u>\$ 2,247,857</u>	<u>\$ 9,602,501</u>

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2009

<b>Total Governmental Fund Balances</b>	<b>\$ 7,405,176</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,115,711
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Delinquent Property Taxes Receivable	48,263
Income Taxes Receivable	498,076
Accounts Receivable	6,665
Intergovernmental Receivable	330,758
Special Assessments	50,000
Governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets.	
Unamortized Bond Issuance Costs	21,327
Unamortized Premium on Bonds	(22,084)
Internal service funds are used by management to charge the costs of health care to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	97,800
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	(1,138,667)
General obligation debt	(730,000)
Accrued interest payable	(2,091)
 <b>Net Assets of Governmental Activities</b>	 <b><u>\$ 30,680,934</u></b>

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund	Capital Improvement Fund	Reconstruction Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 475,160	\$ -	\$ -	\$ 229,133	\$ 704,293
Income taxes	5,115,994	-	-	-	5,115,994
Other local taxes	17,834	-	-	20,160	37,994
Charges for services	32,000	-	-	145,371	177,371
Licenses, permits and fees	84,146	-	-	38,852	122,998
Fines and forfeitures	452,704	-	-	64,258	516,962
Intergovernmental	1,760,971	146,934	879,565	1,340,904	4,128,374
Special assessments	-	-	-	30,635	30,635
Interest	134,645	-	112	6,165	140,922
Donations and contributions	250	-	-	3,605	3,855
Refunds and reimbursements	37,867	-	-	13,168	51,035
Other	10,387	10,626	-	2,217	23,230
Total revenues	<u>8,121,958</u>	<u>157,560</u>	<u>879,677</u>	<u>1,894,468</u>	<u>11,053,663</u>
<b>Expenditures:</b>					
General government:					
Legislative and executive	1,700,783	-	-	1,251	1,702,034
Judicial	530,655	-	-	128,343	658,998
Public safety	3,584,974	-	-	341,655	3,926,629
Public works	255,586	-	-	-	255,586
Health	130,640	-	-	117,647	248,287
Conservation and recreation	-	-	-	561,091	561,091
Economic development	128,924	-	-	678,240	807,164
Transportation	294,839	14,872	19	699,664	1,009,394
Capital outlay	1,005,481	395,267	1,431,474	157,640	2,989,862
Debt service:					
Principal retirement	-	15,000	-	85,000	100,000
Interest and fiscal charges	-	-	-	29,563	29,563
Total expenditures	<u>7,631,882</u>	<u>425,139</u>	<u>1,431,493</u>	<u>2,800,094</u>	<u>12,288,608</u>
Excess (Deficiency) of revenues over (under) expenditures	490,076	(267,579)	(551,816)	(905,626)	(1,234,945)
<b>Other financing sources (uses):</b>					
Proceeds from loan	-	5,629	-	-	5,629
Transfers in	-	-	100,000	837,009	937,009
Transfers out	(1,144,009)	-	-	-	(1,144,009)
Total other financing sources (uses)	<u>(1,144,009)</u>	<u>5,629</u>	<u>100,000</u>	<u>837,009</u>	<u>(201,371)</u>
Net Change in Fund Balances	(653,933)	(261,950)	(451,816)	(68,617)	(1,436,316)
Fund balance at beginning of year, restated	3,765,205	2,892,343	461,061	1,722,883	8,841,492
Fund balance at end of year	<u>\$ 3,111,272</u>	<u>\$ 2,630,393</u>	<u>\$ 9,245</u>	<u>\$ 1,654,266</u>	<u>\$ 7,405,176</u>

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2009

**Net Change in Fund Balances - Total Governmental Funds** \$ (1,436,316)

*Amounts reported for 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.

Capital Outlays	3,028,811
Depreciation	(1,027,551)

The effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and disposals) is to decrease net assets. (35,049)

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

Delinquent Property Taxes	(126)
Income Taxes	(21,013)
Charges for Services	(1,355)
Intergovernmental Revenues	(22,637)
Special Assessments	(30,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities. 100,000

Governmental funds report the effect of debt proceeds, bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds from loan	(5,629)
Amortization of bond issuance costs	(6,233)
Amortization of premium on bonds	6,455

Internal service funds are used by management to charge the costs of health care to individual funds. The net revenue (expense) of activities of the internal service fund is reported with governmental activities. 88,137

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

Compensated absences	(106,019)
Accrued interest	373

**Change in Net Assets of Governmental Activities** \$ 531,848

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance (Over)/Under
<b>Revenues</b>				
Property taxes	\$ 457,000	\$ 457,000	\$ 472,640	\$ 15,640
Income taxes	5,250,000	5,250,000	5,199,129	(50,871)
Other local taxes	-	-	17,834	17,834
Charges for services	33,000	33,000	32,000	(1,000)
Licenses, permits and fees	76,500	76,500	84,334	7,834
Fines and forfeitures	535,000	535,000	414,716	(120,284)
Intergovernmental	556,708	556,708	1,768,001	1,211,293
Interest	200,000	200,000	134,645	(65,355)
Donations and contributions	-	-	250	250
Refunds and reimbursements	45,000	45,000	37,867	(7,133)
Other	12,500	12,500	10,387	(2,113)
Total Revenues	<u>7,165,708</u>	<u>7,165,708</u>	<u>8,171,803</u>	<u>1,006,095</u>
<b>Expenditures</b>				
General government:				
Legislative and executive	1,797,794	1,835,794	1,706,552	129,242
Judicial	560,630	560,630	527,773	32,857
Public safety	4,038,838	4,081,838	3,580,001	501,837
Public works	438,565	438,565	252,813	185,752
Health	20,000	130,000	130,640	(640)
Economic development	49,500	49,500	128,924	(79,424)
Transportation	321,659	321,659	296,356	25,303
Capital outlay	170,445	1,170,445	1,132,863	37,582
Total Expenditures	<u>7,397,431</u>	<u>8,588,431</u>	<u>7,755,922</u>	<u>832,509</u>
Excess of Revenues Over/ (Under) Expenditures	(231,723)	(1,422,723)	415,881	1,838,604
<b>Other Financing Sources/(Uses)</b>				
Transfers in	299,000	299,000	-	(299,000)
Transfers out	(1,094,009)	(1,144,009)	(1,144,009)	-
Total other financing sources/(uses)	<u>(795,009)</u>	<u>(845,009)</u>	<u>(1,144,009)</u>	<u>(299,000)</u>
Net change in fund balance	(1,026,732)	(2,267,732)	(728,128)	1,539,604
Fund balances at beginning of year	3,039,894	3,039,894	3,039,894	-
Prior year encumbrances appropriated	365,803	365,803	365,803	-
Fund balances at end of year	<u>\$ 2,378,965</u>	<u>\$ 1,137,965</u>	<u>\$ 2,677,569</u>	<u>\$ 1,539,604</u>

See accompanying notes to the basic financial statements



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**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AS OF DECEMBER 31, 2009**

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Assets</b>				
Current Assets:				
Pooled cash and cash equivalents	\$ 315,394	\$ 2,671,653	\$ 74,985	\$ 373,168
Receivables:				
Accounts	325,817	532,841	-	88,232
Intergovernmental	-	-	-	-
Prepaid items	8,556	30,979	2,534	-
Advances to other funds	-	-	-	-
Materials and supplies inventory	62,590	9,671	-	-
Restricted cash and cash equivalents	210,813	413,118	-	-
Total Current Assets	<u>923,170</u>	<u>3,658,262</u>	<u>77,519</u>	<u>461,400</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	127,721	89,867	-	-
Deferred bond costs	-	21,640	-	-
Depreciable Capital Assets, Net	8,602,501	9,150,657	9,928,507	38,933
Nondepreciable Capital Assets	955,617	307,316	745,305	-
Total Noncurrent Assets	<u>9,685,839</u>	<u>9,569,480</u>	<u>10,673,812</u>	<u>38,933</u>
Total assets	<u>10,609,009</u>	<u>13,227,742</u>	<u>10,751,331</u>	<u>500,333</u>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	45,211	27,657	10,775	51,138
Accrued wages and benefits	21,197	10,970	-	3,070
Intergovernmental payable	27,391	14,739	-	3,942
Interest payable	5,813	11,670	5,813	-
Pension obligations payable	-	-	-	-
Refundable deposits	-	-	-	-
Advances from other funds	-	81,701	-	-
Notes payable	712	18,400	-	-
Bonds payable	205,000	530,000	85,000	-
Compensated absences	32,784	14,315	-	4,564
Total Current Liabilities	<u>338,108</u>	<u>709,452</u>	<u>101,588</u>	<u>62,714</u>
Noncurrent Liabilities:				
Notes payable	10,325	187,000	-	-
Bonds payable	1,190,000	915,000	1,495,000	-
Compensated absences	113,134	30,294	-	10,597
Total Noncurrent Liabilities	<u>1,313,459</u>	<u>1,132,294</u>	<u>1,495,000</u>	<u>10,597</u>
Total Liabilities	<u>1,651,567</u>	<u>1,841,746</u>	<u>1,596,588</u>	<u>73,311</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	8,152,081	7,807,573	9,093,812	38,933
Restricted for debt service	338,534	502,985	-	-
Unrestricted	466,827	3,075,438	60,931	388,089
Total Net Assets	<u>\$ 8,957,442</u>	<u>\$ 11,385,996</u>	<u>\$ 9,154,743</u>	<u>\$ 427,022</u>

See accompanying notes to the basic financial statements

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 676,068	\$ 4,111,268	\$ 97,800
316,196	1,263,086	-
-	-	-
4,348	46,417	-
-	-	-
-	72,261	-
-	623,931	-
<u>996,612</u>	<u>6,116,963</u>	<u>97,800</u>
-	217,588	-
-	21,640	-
341,191	28,061,789	-
216,620	2,224,858	-
<u>557,811</u>	<u>30,525,875</u>	<u>-</u>
<u>1,554,423</u>	<u>36,642,838</u>	<u>97,800</u>
1,300	136,081	-
10,091	45,328	-
22,094	68,166	-
-	23,296	-
-	-	-
145,990	145,990	-
-	81,701	-
-	19,112	-
-	820,000	-
6,764	58,427	-
<u>186,239</u>	<u>1,398,101</u>	<u>-</u>
-	197,325	-
-	3,600,000	-
41,306	195,331	-
<u>41,306</u>	<u>3,992,656</u>	<u>-</u>
<u>227,545</u>	<u>5,390,757</u>	<u>-</u>
557,811	25,650,210	-
-	841,519	-
769,067	4,760,352	97,800
<u>\$ 1,326,878</u>	<u>\$ 31,252,081</u>	<u>\$ 97,800</u>

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Operating Revenues</b>				
Charges for Services	\$ 1,664,220	\$ 2,824,418	\$ -	\$ 696,947
Refunds and Reimbursements	13,091	522	-	-
Rental Income	-	-	95,148	-
Other Operating Revenue	39,837	9,599	100	6
Total Operating Revenues	<u>1,717,148</u>	<u>2,834,539</u>	<u>95,248</u>	<u>696,953</u>
<b>Operating Expenses</b>				
Personal Services	778,652	582,293	-	120,046
Contractual Services	147,999	671,320	130,624	650,070
Materials and Supplies	343,532	105,788	3,129	14,809
Depreciation	250,001	303,130	100,763	6,799
Other operating expenses	23,789	72,598	31,064	20
Total Operating Expenses	<u>1,543,973</u>	<u>1,735,129</u>	<u>265,580</u>	<u>791,744</u>
Operating income (loss)	<u>173,175</u>	<u>1,099,410</u>	<u>(170,332)</u>	<u>(94,791)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	-	6	-	-
Grants income	-	-	278,350	-
Interest and fiscal charges	(78,688)	(102,697)	(72,290)	-
Loss on Disposal of Capital Assets	(4,957)	(3,875)	-	-
Operating Transfers In	-	75,000	125,000	-
Total non-operating revenues (expenses)	<u>(83,645)</u>	<u>(31,566)</u>	<u>331,060</u>	<u>-</u>
Change in net assets	89,530	1,067,844	160,728	(94,791)
Net assets at beginning of year, restated	8,867,912	10,318,152	8,994,015	521,813
Net assets at end of year	<u>\$ 8,957,442</u>	<u>\$ 11,385,996</u>	<u>\$ 9,154,743</u>	<u>\$ 427,022</u>

See accompanying notes to the basic financial statements

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 521,164	\$ 5,706,749	\$ 818,954
-	13,613	-
-	95,148	-
6,387	55,929	-
<u>527,551</u>	<u>5,871,439</u>	<u>818,954</u>
441,066	1,922,057	730,817
35,225	1,635,238	-
17,619	484,877	-
38,569	699,262	-
14,111	141,582	-
<u>546,590</u>	<u>4,883,016</u>	<u>730,817</u>
<u>(19,039)</u>	<u>988,423</u>	<u>88,137</u>
-	6	-
4,500	282,850	-
-	(253,675)	-
(27,723)	(36,555)	-
7,000	207,000	-
<u>(16,223)</u>	<u>199,626</u>	<u>-</u>
(35,262)	1,188,049	88,137
1,362,140	30,064,032	9,663
<u>\$ 1,326,878</u>	<u>\$ 31,252,081</u>	<u>\$ 97,800</u>

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

Business-type Activities - Enterprise Funds

	Water Fund	Sewer Fund	Airport Fund	Garbage Fund
<b>Cash Flows from Operating Activities</b>				
Cash received from customers	\$ 1,592,458	\$ 2,705,179	\$ 95,148	\$ 699,067
Other operating receipts	52,928	10,121	100	6
Cash paid to employees	(780,538)	(559,298)	(93,890)	(111,402)
Cash paid to suppliers	(471,104)	(792,363)	(42,679)	(659,047)
Cash paid for other expenses	(40,379)	(66,080)	(31,804)	(20)
Net cash flows from operating activities	<u>353,365</u>	<u>1,297,559</u>	<u>(73,125)</u>	<u>(71,396)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers in (out)	-	75,000	125,000	-
Net cash flows from noncapital financing activities	<u>-</u>	<u>75,000</u>	<u>125,000</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of capital assets	(310,167)	(611,035)	(258,250)	(10,337)
Grants	-	-	278,350	-
Payment of debt	(195,712)	(528,400)	(85,000)	-
Payment of interest	(79,500)	(88,398)	(72,520)	-
Net cash flows from capital and related financing activities	<u>(585,379)</u>	<u>(1,227,833)</u>	<u>(137,420)</u>	<u>(10,337)</u>
<b>Cash Flows from Investing Activities</b>				
Cash received from interest	-	6	-	-
Net cash flows from investing activities	<u>-</u>	<u>6</u>	<u>-</u>	<u>-</u>
Net change in cash	(232,014)	144,732	(85,545)	(81,733)
Cash and cash equivalents at beginning of year	885,942	3,029,906	160,530	454,901
Cash and cash equivalents at end of year	<u>\$ 653,928</u>	<u>\$ 3,174,638</u>	<u>\$ 74,985</u>	<u>\$ 373,168</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>				
Operating income (loss)	\$ 173,175	\$ 1,099,410	\$ (170,332)	\$ (94,791)
Add depreciation expense	250,001	303,130	100,763	6,799
(Increase)/Decrease in current assets				
Accounts receivable	(71,762)	(119,239)	-	2,120
Prepaid expenses	(8,556)	(30,979)	(2,534)	-
Materials and supplies inventory	7,526	496	-	-
Increase/(Decrease) in current liabilities				
Accounts payable	4,867	21,746	(1,022)	5,832
Accrued wages	177	3,489	-	599
Compensated absences	(9,606)	14,766	-	6,842
Refundable deposits	-	-	-	-
Intergovernmental Payable	7,543	4,740	-	1,203
Net Cash Flows from Operating Activities	<u>\$ 353,365</u>	<u>\$ 1,297,559</u>	<u>\$ (73,125)</u>	<u>\$ (71,396)</u>

See accompanying notes to the basic financial statements

Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
\$ 514,579	\$ 5,606,431	\$ 818,954
6,387	69,542	-
(427,320)	(1,972,448)	-
(53,205)	(2,018,398)	-
(30,007)	(168,290)	(730,817)
<u>10,434</u>	<u>1,516,837</u>	<u>88,137</u>
7,000	207,000	-
<u>7,000</u>	<u>207,000</u>	<u>-</u>
(119,390)	(1,309,179)	-
4,500	282,850	-
-	(809,112)	-
-	(240,418)	-
<u>(114,890)</u>	<u>(2,075,859)</u>	<u>-</u>
-	6	-
-	<u>6</u>	<u>-</u>
(97,456)	(352,016)	88,137
773,524	5,304,803	9,663
<u>\$ 676,068</u>	<u>\$ 4,952,787</u>	<u>\$ 97,800</u>
\$ (19,039)	\$ 988,423	\$ 88,137
38,569	699,262	-
(29,108)	(217,989)	-
(4,348)	(46,417)	-
-	8,022	-
860	32,283	-
131	4,396	-
11,093	23,095	-
9,754	9,754	-
2,522	16,008	-
<u>\$ 10,434</u>	<u>\$ 1,516,837</u>	<u>\$ 88,137</u>

See accompanying notes to the basic financial statements

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AS OF DECEMBER 31, 2009

	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Pooled cash and cash equivalents	\$ 17,302	\$ 14,689
Cash in Segregated Account	-	30,059
Investments	60,000	-
Total Assets	<u>77,302</u>	<u>44,748</u>
<b>Liabilities</b>		
Deposits Held and Due to Others	-	14,689
Undistributed Assets	-	30,059
Total Liabilities	<u>-</u>	<u>44,748</u>
<b>Net Assets</b>		
Net Assets Held in Trust	<u>77,302</u>	<u>-</u>

See accompanying notes to the basic financial statements



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Private-Purpose Trust Funds</u>
<b>Additions</b>	
Interest	\$ 3,057
Total Additions	<u>3,057</u>
<b>Deductions</b>	
Other Operating Expense	<u>2,083</u>
Total Deductions	<u>2,083</u>
Net Assets at beginning of year	76,328
Net Assets at end of year	<u>\$ 77,302</u>

See accompanying notes to the basic financial statements

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**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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

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

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

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

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

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

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

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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

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

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

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

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

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

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

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

Property taxes and special assessments for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance fiscal year 2010 operations, and grants and entitlements received before eligibility requirements are met, are recorded as unearned revenue on the both the governmental fund and government-wide financial statements.

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

The government reports the following major governmental funds:

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

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

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

The government reports the following major proprietary funds:

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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

**C. Deposits and Investments**

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

State statutes authorize the City to invest in obligations of the U.S. Treasury, repurchase agreements, bonds of the State of Ohio and STAR Ohio. Investments are reported at fair value, which is based on quoted market prices. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009. The City had no investments in STAR Ohio at December 31, 2009.

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

**D. Receivables and Payables**

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

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. The City's outstanding advance balance at December 31, 2009 was \$81,701.

**E. Inventories and Prepaid Items**

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

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

Inventories and prepaid items are offset by a fund balance reserve in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

**F. Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

**G. Capital Assets and Depreciation**

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

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

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

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

**H. Compensated Absences**

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

**I. Long-Term Obligations**

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

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

**J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**K. Interfund Transactions**

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

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

**L. Estimates**

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



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

**Excess (Deficiency) of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses**

	<u>Fund</u>
GAAP basis	\$ (653,933)
Revenue accruals	49,845
Expenditure accruals	93,115
Encumbrances	<u>(217,155)</u>
Budget basis	<u><u>\$ (728,128)</u></u>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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

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

Deposits - At fiscal year end, the carrying amount of the City's deposits was \$8,524,389 and the bank balance was \$8,835,912. Of the bank balance, \$961,836 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments — Statutes authorize the City of Bellefontaine to invest in obligations of U.S. Treasury, agencies and instrumentalities, bonds and other obligations of this State, repurchase agreements and the state treasurer's investment pool.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

As of December 31, 2009, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 months or less</u>	<u>7 to 12 months</u>	<u>1 to 2 years</u>
Money Market Funds	\$ 2,227,419	\$ 2,227,419	\$ -	\$ -
Federal National Mortgage Association	948,132	748,944	-	199,188
Federal Home Loan Mtge Corp.	200,760	-	-	200,760
Federal Home Loan Bank	250,000	-	250,000	-
STAR Ohio	50,000	50,000	-	-
Total	<u>\$ 3,676,311</u>	<u>\$ 3,026,363</u>	<u>\$ 250,000</u>	<u>\$ 399,948</u>

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

Credit Risk. The City's investments in Federal Agency Securities were rated AAA by Moody's Investor Services. The City's money market funds were unrated.

Concentration of Credit Risk. The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the City at December 31, 2009:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
Money Market Funds	\$ 2,227,419	61%
Federal National Mortgage Association	948,132	26%
Federal Home Loan Mtge Corp.	200,760	5%
Federal Home Loan Bank	250,000	7%
STAR Ohio	50,000	1%
Total	<u>\$ 3,676,311</u>	<u>100%</u>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 5 - TAXES**

Property Taxes

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

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

Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes.

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

The City receives property taxes from Logan County. The County Auditor periodically advances to the City its portion of the taxes collected. Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility property, which became measurable as of December 31, 2009. The assessed valuations of the City for tax year 2008, which were used to collect taxes in calendar year 2009, are as follows:

	<u>Amount</u>	<u>Percent</u>
Real Estate (Other Than Public Utility)	\$214,044,980	92%
Public Utility	6,935,810	3%
Tangible Personal	<u>10,659,060</u>	<u>5 %</u>
Total Assessed Value	<u>\$231,639,850</u>	<u>100%</u>

Income Taxes

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

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 6 - CAPITAL ASSETS**

Governmental capital asset activity for the year ended December 31, 2009, was as follows:

Description	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Non-depreciated assets:					
Land	\$ 5,920,387	\$ -	\$ -	\$ -	\$ 5,920,387
Construction in Progress	1,954,652	2,080,481	-	(206,829)	3,828,304
Total Non-depreciated assets	<u>7,875,039</u>	<u>2,080,481</u>	<u>-</u>	<u>(206,829)</u>	<u>9,748,691</u>
Capital assets, being depreciated:					
Land Improvements	3,388,212	176,612	-	-	3,564,824
Buildings	4,374,127	-	-	-	4,374,127
Equipment	2,500,691	177,604	(226,045)	191,119	2,643,369
Furniture	220,661	-	(3,800)	-	216,861
Vehicles	2,929,735	73,630	-	-	3,003,365
Infrastructure	11,977,312	520,484	-	15,710	12,513,506
Total depreciated assets	<u>25,390,738</u>	<u>948,330</u>	<u>(229,845)</u>	<u>206,829</u>	<u>26,316,052</u>
Total capital assets	<u>33,265,777</u>	<u>3,028,811</u>	<u>(229,845)</u>	<u>-</u>	<u>36,064,743</u>
Less accumulated depreciation for:					
Land Improvements	96,842	9,341	-	-	106,183
Buildings	1,885,376	78,348	-	-	1,963,724
Equipment	1,756,071	161,267	(191,376)	-	1,725,962
Furniture	144,336	11,978	(3,420)	-	152,894
Vehicles	1,493,416	144,383	-	-	1,637,799
Infrastructure	5,740,236	622,234	-	-	6,362,470
Total accumulated depreciation	<u>11,116,277</u>	<u>1,027,551</u>	<u>(194,796)</u>	<u>-</u>	<u>11,949,032</u>
Total depreciable assets, net	<u>14,274,461</u>	<u>(79,221)</u>	<u>(35,049)</u>	<u>206,829</u>	<u>14,367,020</u>
Total capital assets, net	<u>\$ 22,149,500</u>	<u>\$ 2,001,260</u>	<u>\$ (35,049)</u>	<u>\$ -</u>	<u>\$ 24,115,711</u>

Depreciation expense was charged to governmental functions as follows:

Conservation and Recreation	\$ 60,497
Health	7,307
Judicial	23,695
Legislative and Executive	43,127
Public Safety	156,412
Public Works	255,112
Transportation	481,401
Total	<u>\$ 1,027,551</u>

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

Proprietary capital asset activity for the year ended December 31, 2009, was as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciated assets:				
Land	\$ 1,784,949	\$ -	\$ -	\$ 1,784,949
Construction in Progress	154,464	285,445	-	439,909
Total Non-depreciated assets	<u>1,939,413</u>	<u>285,445</u>	<u>-</u>	<u>2,224,858</u>
Capital assets, being depreciated:				
Land Improvements	7,797,434	263,375	-	8,060,809
Buildings	10,571,760	328,061	-	10,899,821
Equipment	3,523,173	93,961	(77,309)	3,539,825
Furniture	18,621	2,581	-	21,202
Vehicles	1,054,870	111,058	(88,341)	1,077,587
Infrastructure	13,280,093	257,068	-	13,537,161
Total assets being depreciated	<u>36,245,951</u>	<u>1,056,104</u>	<u>(165,650)</u>	<u>37,136,405</u>
Total capital assets	<u>38,185,364</u>	<u>1,341,549</u>	<u>(165,650)</u>	<u>39,361,263</u>
Less accumulated depreciation for:				
Land Improvements	380,516	11,969	-	392,485
Buildings	2,516,043	188,782	-	2,704,825
Equipment	1,815,703	158,454	(64,372)	1,909,785
Furniture	12,502	1,764	-	14,266
Vehicles	466,237	63,527	(64,719)	465,045
Infrastructure	3,313,444	274,766	-	3,588,210
Total accumulated depreciation	<u>8,504,445</u>	<u>699,262</u>	<u>(129,091)</u>	<u>9,074,616</u>
Total depreciable assets, net	<u>27,741,506</u>	<u>356,842</u>	<u>(36,559)</u>	<u>28,061,789</u>
Total capital assets, net	<u>\$ 29,680,919</u>	<u>\$ 642,287</u>	<u>\$ (36,559)</u>	<u>\$ 30,286,647</u>

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

Water	\$ 250,001
Sewer	303,130
Airport	100,763
Garbage	6,799
Other Nonmajor	38,569
Total	<u>\$ 699,262</u>

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 7 - LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	New Issues	Retirements	Ending Balance	Due in One Year
<b>Governmental Activities:</b>					
Special Assessment Bonds:					
South Main Street, 6.25/7.00%, 2009	\$ 15,000	\$ -	\$ (15,000)	\$ -	\$ -
Lakewood Drive, 3.60/6.40%, 2012	65,000	-	(15,000)	50,000	15,000
Tax Increment Financing Bond:					
Gunntown Road, 4.50/6.00%, 2015	450,000	-	(55,000)	395,000	60,000
Amortization of premium on sale of bonds	28,539	-	(6,455)	22,084	-
OPWC Street Resurfacing	294,371	5,629	(15,000)	285,000	30,000
Compensated Absences Payable	1,032,648	569,298	(463,279)	1,138,667	309,276
Total Governmental Activities	<u>1,885,558</u>	<u>574,927</u>	<u>(569,734)</u>	<u>1,890,751</u>	<u>414,276</u>
<b>Business-Type Activities:</b>					
Revenue and General Obligation Bonds and Loans:					
Storm Water, 3.85/5.20%, 2014	675,000	-	(100,000)	575,000	105,000
Sewer System, 3.24/4.35%, 2011	1,280,000	-	(410,000)	870,000	425,000
Water System, 3.75/5.00%, 2015	1,590,000	-	(195,000)	1,395,000	205,000
Airport Improvement, 2.00/4.80%, 2023	1,665,000	-	(85,000)	1,580,000	85,000
O.P.W.C., 0%, 2014	60,000	-	(10,000)	50,000	10,000
O.P.W.C., 0%, 2025	11,749	-	(712)	11,037	712
Storm Water Drainage, 0%, 2028	163,800	-	(8,400)	155,400	8,400
Compensated Absences Payable	230,663	136,799	(113,704)	253,758	58,427
Total Business-Type Activities	<u>5,676,212</u>	<u>136,799</u>	<u>(922,816)</u>	<u>4,890,195</u>	<u>897,539</u>
Total Long-Term Obligations	<u>\$ 7,561,770</u>	<u>\$ 711,726</u>	<u>\$ (1,492,550)</u>	<u>\$ 6,780,946</u>	<u>\$ 1,311,815</u>



**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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.

Special assessment bonds were issued to provide funds for South Main Street and Lakewood Drive improvements. These bonds will be repaid from amounts levied against the property owners benefited from these improvements.

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

A summary of the City's future debt service requirements as of December 31, 2009 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
<b>Governmental Activities:</b>		
2010	\$ 105,000	\$ 25,093
2011	105,000	21,440
2012	115,000	17,780
2013	95,000	12,600
2014	100,000	8,700
2015-2019	210,000	4,500
	<u>\$ 730,000</u>	<u>\$ 90,113</u>

**Business-Type Activities:**

2010	\$ 839,112	\$ 203,571
2011	879,112	166,978
2012	449,112	127,948
2013	474,112	110,345
2014	494,112	85,115
2015-2019	870,560	227,665
2020-2024	600,560	68,160
2025-2029	29,757	-
	<u>\$ 4,636,437</u>	<u>\$ 989,782</u>

The compensated absences liability represents accrued bonus, compensatory time, vacation, and sick leave benefits as of December 31, 2009 (See Note 10). The compensated absences will be paid from the funds in which the employees' salaries are paid.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2008 member contribution rate for City employees was 10.00% of covered payroll. The 2009 employer contribution rate for the City was 14.00% of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were \$495,134, \$473,704, and \$449,235 respectively. The full amount has been contributed for 2008 and 2007. 87.9 percent has been contributed for 2009 with the remainder being reported as a fund liability.

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

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

Plan members are required to contribute 10.00 percent of their annual covered salary, while employers are required to contribute 19.50% and 24% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2009, 2008, and 2007 were \$545,695, \$505,392, and \$495,911, respectively. The full amount has been contributed for 2008 and 2007. 76.7 percent has been contributed for 2009 with the remainder being reported as a fund liability.

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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

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

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

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

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

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

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contributions to OPERS for post-employment benefits for the years ending December 31, 2009, 2008, and 2007 were \$207,280, \$236,852, and \$178,391, respectively. The full amount has been contributed for 2008 and 2007. 87.9 percent has been contributed for 2009 with the remainder being reported as a fund liability.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

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

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

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

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

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

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F for the years ending December 31, 2009, 2008, and 2007 were \$545,695, \$505,392, and \$495,911, respectively, of which \$170,911, \$158,650 and \$154,986, respectively, was allocated to the healthcare plan.

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - EMPLOYEE BENEFITS**

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

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

At December 31, 2009, the City's liability for accumulated unpaid sick leave was \$644,838. A liability of \$523,955 has been recognized in the governmental activities and \$120,883 has been recognized in the business-type activities. In addition, the City's liability for accrued vacation, compensatory and bonus accumulation was \$747,587. A liability of \$614,712 has been recognized in the governmental activities and \$132,875 has been recognized in the business-type activities.

**NOTE 11 – LIABILITY INSURANCE**

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

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

**NOTE 12 – CONTINGENT LIABILITIES**

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

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

**CITY OF BELLEFONTAINE, OHIO  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 13 - CONDUIT DEBT OBLIGATIONS**

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

The original issuance for the Revenue Bonds in 2006 was \$15,000,000. As of December 31, 2009, the revenue bonds outstanding were \$11,210,000.

**NOTE 14 – INTERFUND TRANSFERS**

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

Transfers In	Transfers Out General Fund
Reconstruction Improvement Fund	\$ 100,000
Other Governmental Funds	837,009
Sewer Fund	75,000
Airport Fund	125,000
Parking Meter Fund	7,000
Total Transfers In/Out	\$ 1,144,009

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

**CITY OF BELLEFONTAINE, OHIO  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE 15 – SUBSEQUENT EVENTS**

On March 2, 2010 the Sewer Fund loaned the Reconstruction Improvement Fund \$1,000,000 in order to finance the reconstruction of Main Street.

**NOTE 16 – PRIOR PERIOD ADJUSTMENTS**

For fiscal year 2009, the City's Reconstruction Improvement Fund met the minimum criteria for mandatory major fund reporting and needed to be reclassified accordingly.

The effects of this reclassification is as follows:

	<b>Reconstruction Improvement Fund</b>	<b>Other Governmental Funds</b>
Fund Balances, December 31, 2008	\$ -	\$ 2,183,944
Reclsssification of New Major Fund	461,061	(461,061)
Fund Balances, January 1, 2009	\$ 461,061	\$ 1,722,883

In addition, the Net Asset balance for the Garbage Fund and Business-Type Activities need to be restated to correct an error in previous years' calculation of accounts receivable.

The effect of this restatement is as follows:

	<b>Garbage Fund</b>	<b>Business-Type Activities</b>
Net Assets, December 31, 2008	\$ 571,546	\$ 30,113,765
Overstatement of Receivable	(49,733)	(49,733)
Net Assets, January 1, 2009	\$ 521,813	\$ 30,064,032

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CITY OF BELLEFONTAINE  
LOGAN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	Project Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Airport Improvement Program	3-39-0125-0706	20.106	<u>\$278,350</u>
Total U.S. Department of Transportation			278,350
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant / State's Program	A-Z-08-093-1	14.228	260,550
	A-F-08-093-1		59,000
	A-C-07-093-1		<u>61,512</u>
Total Community Development Block Grant / State's Program			381,062
Home Investment Partnerships Program	A-C-07-093-2	14.239	<u>199,672</u>
Total U.S. Department of Housing and Urban Development			<u>580,734</u>
Total Federal Financial Assistance			<u><u>\$859,084</u></u>

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

**CITY OF BELLEFONTAINE  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the City's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – SUB-RECIPIENTS**

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

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

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

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property and equipment. At December 31, 2009, the gross amount of loans outstanding under this program was \$11,000. There were no delinquent amounts due at December 31, 2009.

Activity in the CDBG revolving loan fund during 2009 is as follows:

Beginning loans receivable balance as of January 1, 2009	\$ 0
Loans made	12,000
Loan principal repaid	<u>1,000</u>
Ending loans receivable balance as of December 31, 2009	\$11,000
Cash balance on hand in the revolving loan fund as of December 31, 2009	\$9,994
Administrative costs expended during 2009	6,043

The table above reports gross loans receivable.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule. There were no delinquent amounts due at December 31, 2009.



# Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

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 Bellefontaine, Logan County (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated August 18, 2010.

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

We intend this report solely for the information and use of management, the audit committee, City Council, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

**Mary Taylor, CPA**  
Auditor of State

August 18, 2010



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the City Council:

### Compliance

We have audited the compliance of the City of Bellefontaine, Logan County (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' in *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Bellefontaine, Logan County, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2009.

### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

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**Internal Control Over Compliance  
(Continued)**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, City Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

**Mary Taylor, CPA**  
Auditor of State

August 18, 2010

CITY OF BELLEFONTAINE  
LOGAN COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2009

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #14.228 – Community Development Block Grants / States Program CFDA # 20.106 – Airport Improvement Program
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2009-001**

**MATERIAL WEAKNESS / NONCOMPLIANCE CITATION**

**Ohio Rev. Code 135.21**, states, in part, that all interest must be credited to the general fund unless certain exceptions have been met. The City recorded interest revenue, in the amount of \$32,795, in the Capital Improvements Fund. The recording of interest revenue in the Capital Improvements Fund did not meet any of the allowed exceptions.

The failure to record interest revenue in the allowed funds not only impacts the available resources for the fund but may also result in the material misstatement of the financial statements. The accounting records and accompanying financial statements have been adjusted to correctly record this interest revenue in the General Fund.

The Fiscal Officer should utilize Chapter 5, Section 5-5, of the Ohio Compliance Supplement, as an aid in the recording of interest revenue. The City Council should adopt an interest allocation policy to help assure that interest is only allocated to the permissible funds and in proportion to the respective fund balances. Monthly financial reports should be utilized to help identify interest recording errors.

**OFFICIALS' RESPONSE:**

This citation came as a surprise, as this interest posting has been the practice of the City since the creation of the Capital Improvement fund in 1964. We appreciate the work of the State Auditor's office in uncovering this discretion. In the future the interest shall be posted to the General Fund and these monies shall be pooled for investment purposes.

**FINDING NUMBER 2009-002**

**NONCOMPLIANCE CITATION**

**Ohio Rev. Code Section 5705.41(D)** states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the subdivision can authorize the drawing of a warrant for the payment of the amount due. The subdivision has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.



**FINDING NUMBER 2009-002  
(Continued)**

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the subdivision.

2. **Blanket certificate** – Fiscal officers may prepare “blanket” certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the end of the year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket certificate** – The subdivision may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

The City did not properly certify 13 percent of the expenditures tested during 2009.

To improve controls over disbursements, to help reduce the possibility of the City’s funds exceeding budgetary spending limitations, and to reduce financial reporting errors, we recommend that the City’s Fiscal Officer certify that the funds are or will be available prior to the obligation by the City. When prior certification is not possible, “then and now” certification should be used. A review should be performed at year-end to help assure that outstanding obligations have been certified and recorded in the budgetary accounting system and on the year-end financial statements.

**OFFICIALS’ RESPONSE:**

A renewed effort will be made to assure that all departments follow the proper procedures and obtain a purchase order prior to committing to any purchases.





**Mary Taylor, CPA**  
Auditor of State

**CITY OF BELLEFONTAINE**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 28, 2010**