

**CITY OF BELPRE  
WASHINGTON COUNTY  
Regular Audit  
For the Year Ended December 31, 2009**

***Perry & Associates*  
Certified Public Accountants, A.C.**





# Dave Yost • Auditor of State

January 18, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

A handwritten signature in black ink that reads "Dave Yost".

DAVE YOST  
Auditor of State

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Mary Taylor, CPA  
Auditor of State

City Council  
City of Belpre  
715 Park Drive  
Belpre, Ohio 45714

We have reviewed the *Independent Accountants' Report* of the City of Belpre, Washington County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 5, 2011

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**CITY OF BELPRE  
WASHINGTON COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT**

September 10, 2010

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

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 Belpre, Washington County, Ohio** (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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Street Funds 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 September 10, 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.



City of Belpre  
Washington County  
Independent Accountants' Report  
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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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

**City of Belpre, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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The discussion and analysis of the City of Belpre's financial performance provides an overall review of the City's financial activities for the year ended December 31, 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

During 2009, the City implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which recognizes constraints imposed upon the use of the resources in governmental funds and categorizes the constraints into five classifications.

In total, assets decreased \$888,632. Governmental activities decreased \$235,070; the business-type activities experienced a decrease as well, of \$653,562.

In total, liabilities decreased \$953,438. Total liabilities of governmental activities decreased \$212,380. Total liabilities of business-type activities decreased \$741,058 from 2008.

In total, net assets increased \$64,806. Net assets of governmental activities decreased \$22,690, while net assets of business-type activities increased \$87,456 from 2008.

**Using this Annual Financial Report**

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

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

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

*Statement of Net Assets and the Statement of Activities*

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 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 private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

**City of Belpre, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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

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

**Business-Type Activities** - Sewer and water services have charges based upon the amount of usage. The City charges fees to recoup the cost of the entire operations of our Sewer and Water Treatment Plants as well as all depreciation associated with the facilities. Sanitation services have charges based upon set rates, and these fees more than cover the costs of the contract to provide the service.

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

*Fund Financial Statements*

The basic governmental fund financial statements begin on page 11. Fund financial statements provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Belpre, our major funds are the General, Street, Issue II Paving, Sanitation, Sewer, and Water Funds.

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

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

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

**The City of Belpre as a Whole**

Recall that the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2009 compared to 2008.

**City of Belpre, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

(Table 1)  
 Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Assets</b>						
Current and Other Assets	\$2,750,919	\$3,038,817	\$1,172,021	\$1,441,098	\$3,922,940	\$4,479,915
Capital Assets, Net	13,876,800	13,823,972	14,070,963	14,455,448	27,947,763	28,279,420
<i>Total Assets</i>	<u>16,627,719</u>	<u>16,862,789</u>	<u>15,242,984</u>	<u>15,896,546</u>	<u>31,870,703</u>	<u>32,759,335</u>
<b>Liabilities</b>						
Current and						
Other Liabilities	417,031	504,961	284,508	340,944	701,539	845,905
Long-term Liabilities:						
Due Within One Year	117,771	118,055	712,982	678,840	830,753	796,895
Due in More Than One Year	976,275	1,100,441	5,750,337	6,469,101	6,726,612	7,569,542
<i>Total Liabilities</i>	<u>1,511,077</u>	<u>1,723,457</u>	<u>6,747,827</u>	<u>7,488,885</u>	<u>8,258,904</u>	<u>9,212,342</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	12,827,247	12,661,845	7,621,574	7,320,889	20,448,821	19,982,734
Restricted:						
Transportation	473,442	392,063	0	0	473,442	392,063
Capital Projects	18,466	22,966	0	0	18,466	22,966
Unclaimed Monies	7,930	6,598	0	0	7,930	6,598
Other Purposes	86,141	81,413	0	0	86,141	81,413
Unrestricted	1,703,416	1,974,447	873,583	1,086,772	2,576,999	3,061,219
<i>Total Net Assets</i>	<u>\$15,116,642</u>	<u>\$15,139,332</u>	<u>\$8,495,157</u>	<u>\$8,407,661</u>	<u>#####</u>	<u>#####</u>

Total governmental assets decreased \$235,070. Intergovernmental Receivables decreased \$57,344 as well as municipal income tax receivables by \$97,626. The City's other assets experienced moderate increases, with capital assets increasing \$52,828.

Total governmental liabilities decreased \$212,380. Accounts payables and intergovernmental payables decreased \$66,618 and \$28,045, respectively. Long-term liabilities decreased \$124,450 with a capital lease payment of \$112,574, a reduction of \$433 in the police pension payable, and a net decrease in compensated absences of \$11,443.

For business-type activities, total assets decreased \$653,562. Equity in pooled cash and cash equivalents decreased \$108,869. Accounts receivable decreased \$160,879. Capital assets also decreased \$384,485. Total liabilities decreased \$741,058. Accounts payable decreased \$66,639. Long-term liabilities decreased \$684,622 with a capital lease payment of \$626,100 and other debt payments of \$59,070.

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

**City of Belpre, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

(Table 2)  
Changes in Net Assets

	Governmental Activities 2009	Business- Type Activities 2009	Total 2009	Governmental Activities 2008	Business- Type Activities 2008	Total 2008
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$451,314	\$2,739,880	\$3,191,194	\$453,722	\$2,934,604	\$3,388,326
Operating Grants, Contributions and Interest	528,806	0	528,806	589,135	0	589,135
Capital Grants and Contributions	1,125,421	8,050	1,133,471	159,815	14,950	174,765
<b>Total Program Revenues</b>	<b>2,105,541</b>	<b>2,747,930</b>	<b>4,853,471</b>	<b>1,202,672</b>	<b>2,949,554</b>	<b>4,152,226</b>
General Revenues						
Property Taxes	302,168	0	302,168	301,084	0	301,084
Income Tax	961,262	0	961,262	1,097,858	0	1,097,858
Hotel Tax	750	0	750	558	0	558
Franchise Tax	121,013	0	121,013	114,010	0	114,010
Grants and Entitlements	299,537	0	299,537	330,512	0	330,512
Interest	11,625	0	11,625	64,856	0	64,856
Donations	50	0	50	0	0	0
Other	49,242	2,109	51,351	86,447	2,180	88,627
<b>Total General Revenues</b>	<b>1,745,647</b>	<b>2,109</b>	<b>1,747,756</b>	<b>1,995,325</b>	<b>2,180</b>	<b>1,997,505</b>
<b>Total Revenues</b>	<b>3,851,188</b>	<b>2,750,039</b>	<b>6,601,227</b>	<b>3,197,997</b>	<b>2,951,734</b>	<b>6,149,731</b>
<b>Program Expenses</b>						
General Government	672,408	0	672,408	648,613	0	648,613
Security of Persons and Property:						
Police	966,450	0	966,450	997,865	0	997,865
Fire	157,848	0	157,848	222,408	0	222,408
Public Health Services	40,640	0	40,640	41,242	0	41,242
Transportation	1,440,509	0	1,440,509	1,186,497	0	1,186,497
Leisure Time Activities:						
Senior Center	53,965	0	53,965	48,392	0	48,392
Parks	150,995	0	150,995	127,310	0	127,310
Pool	99,106	0	99,106	97,807	0	97,807
Community Environment	145,466	0	145,466	220,613	0	220,613
Interest and Fiscal Charges	46,491	0	46,491	60,614	0	60,614
Sanitation	0	629,824	629,824	0	791,430	791,430
Sewer	0	1,339,286	1,339,286	0	1,325,602	1,325,602
Water	0	793,433	793,433	0	794,333	794,333
<b>Total Program Expenses</b>	<b>3,773,878</b>	<b>2,762,543</b>	<b>6,536,421</b>	<b>3,651,361</b>	<b>2,911,365</b>	<b>6,562,726</b>
<i>Increase (Deficiency)</i>						
<i>Before Transfers</i>	77,310	(12,504)	64,806	(453,364)	40,369	(412,995)
Transfers	(100,000)	100,000	0	0	0	0
<i>Increase (Decrease)</i>						
<i>in Net Assets</i>	(22,690)	87,496	64,806	(453,364)	40,369	(412,995)
<i>Net Assets Beginning of Year</i>	15,139,332	8,407,661	23,546,993	15,592,696	8,367,292	23,959,988
<b><i>Net Assets End of Year</i></b>	<b>\$15,116,642</b>	<b>\$8,495,157</b>	<b>\$23,611,799</b>	<b>\$15,139,332</b>	<b>\$8,407,661</b>	<b>\$23,546,993</b>

**City of Belpre, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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***Governmental Activities***

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 1.0 percent. General revenues from grants and entitlements, such as local government funds, are also a large revenue generator. The City monitors both of these revenue sources very closely for fluctuations because the income tax and intergovernmental revenue represent 33 percent of all revenues in the governmental activities.

Income tax collections experienced a decrease of \$136,596. The City's Tax Commissioner has established procedures for identifying delinquent accounts and for setting up payment schedules for hardship cases.

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

Security of persons and property is a major activity of the City, generating 30% of the governmental expenses. During 2009, expenses for police and fire operations amounted to \$966,450 and \$157,848, respectively. These activities are, for the most part, funded by the municipal income tax. The City attempts to supplement the activities of the police department with grants to enable the police department to widen the scope of its activities. The Belpre Volunteer Firefighters, Inc., an entity separate and distinct from the City, has worked hand in hand with the City to help reduce costs to the taxpayer by providing much of the equipment used by the fire department.

Transportation activities of the City accounted for 38% of the governmental expenses. The expenses were related to street maintenance, paving, and patching as well as street lighting.

***Business-Type Activities***

The City's business-type activities provide sanitation, water, and sewer services. The City, itself, does not provide trash pickup, but contracts this service from an outside vendor. The City provides the billing service for trash pickup on the existing utility bills and receives a commission from the vendor for providing this service for them. During 2009, program expenses exceeded revenues by \$12,504.

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

**The City's Funds**

The City's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,216,762 and expenditures of \$3,243,952. Both revenues and expenditures increased \$53,221 and \$151,421, respectively, from 2008 levels.

The fund balance of the General Fund decreased \$196,630. Revenues decreased \$154,051 from 2008 levels. Expenditures decreased \$113,054 from 2008 levels mainly in capital outlays, which decreased \$126,128.

The Street Fund did not experience any significant changes from the previous year. The fund balance increased \$77,419 with a \$70,000 transfer from the General Fund.

During 2009, the Sewer Fund had operating revenues of \$1,184,188 (\$1,409,606 in 2008) and operating expenses of \$1,153,380 (\$1,169,056 in 2008). The Water Fund had operating revenues of \$833,135 (\$791,602 in 2008) and

**City of Belpre, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

operating expenses of \$660,980 (\$650,970 in 2008). Revenue activity within the Sanitation Fund changed little, as well as expenses.

**General Fund Budgeting Highlights**

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

During the course of 2009, the City amended its Estimated Revenues by increasing the estimated amounts to be received for intergovernmental revenues by \$35,000. Appropriations were increased \$207,523, making increases in the general government, police, fire, public health services, senior center, and capital outlay areas of the budget. Recommendations for any budget changes come from the City Auditor to the Finance Committee of Council for review before going to Council for Ordinance enactment on the change. The allocation of appropriations among objects, except personal services, within a fund may be modified during the year by the City Auditor without an ordinance of Council. With the General Fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

The City's ending unencumbered cash balance in the General Fund was \$1,089,154, \$478,740 above the final budgeted amount. The City received \$112,856 more in revenues than anticipated. The City also cut actual expenditures by \$360,984, reducing amounts in all appropriated programs.

**Capital Assets and Debt Administration**

(Table 3)  
 Capital Assets at December 31, 2009

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$2,736,418	\$2,024,318	\$250,754	\$250,754	\$2,987,172	\$2,275,072
Buildings and Improvements	2,727,781	2,820,202	565,772	577,262	3,293,553	3,397,464
Machinery and Equipment	268,005	206,604	277,867	373,679	545,872	580,283
Vehicles	400,596	480,496	20,666	26,872	421,262	507,368
Infrastructure:						
U.S. and State Roads	1,830,054	2,033,393	0	0	1,830,054	2,033,393
City Streets	5,620,001	5,939,905	0	0	5,620,001	5,939,905
Street Signals	293,945	319,054	0	0	293,945	319,054
Sewer System	0	0	6,785,086	6,930,257	6,785,086	6,930,257
Water System	0	0	6,170,818	6,296,624	6,170,818	6,296,624
<b>Totals</b>	<b>\$13,876,800</b>	<b>\$13,823,972</b>	<b>\$14,070,963</b>	<b>\$14,455,448</b>	<b>\$27,947,763</b>	<b>\$28,279,420</b>

The assets of the City are reported at historical cost, net of depreciation. The City received donated land in the riverfront area to enhance the park system. Additionally, the City made over \$31,000 worth of improvements and other purchases for its Senior Center and purchased various pieces of equipment for the police and fire departments. For additional information on capital assets, see Note 9 to the basic financial statements.

**City of Belpre, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

(Table 4)  
 Outstanding Debt at December 31, 2009

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Issue II Water Well Loan	\$0	\$0	\$51,825	\$55,612	\$51,825	\$55,612
Water Tank Loan	0	0	406,984	452,866	406,984	452,866
Issue II Sewer Treatment Plant Loan	0	0	153,298	162,699	153,298	162,699
Capital Leases	1,049,553	1,162,127	5,837,282	6,463,382	6,886,835	7,625,509
Police Pension Liability	20,164	20,597	0	0	20,164	20,597
<b>Totals</b>	<b>\$1,069,717</b>	<b>\$1,182,724</b>	<b>\$6,449,389</b>	<b>\$7,134,559</b>	<b>\$7,519,106</b>	<b>\$8,317,283</b>

The City had no bond issues outstanding but had a pension liability, various loans payable, and a capital lease payable at December 31, 2009, totaling \$7,519,106, of which \$825,227 is due within one year. The City has two Ohio Public Works Issue II loans outstanding, one for a water well replacement and one for sewer treatment plant improvements. The City also has one long-term loan outstanding for a water tank.

The City's overall legal debt margin was \$10,674,067 at December 31, 2009. For additional information on debt, see Note 13 to the basic financial statements.

**Current Finance Related Activities**

The City has endured the loss of several businesses during the current economic downturn. We do not like to see vacant storefronts and businesses but are encouraged by the interest in additional medical facilities that will begin breaking ground during the fall of 2010 in the Farson Street area. This new facility will bring jobs, increasing the tax base for the city and increasing traffic for current and new businesses. The City is committed to improving the safety of our city by beginning the task of replacing fire hydrants that have been in place for over 50 years. Four hydrants are scheduled for replacement in 2010, with additional replacements to follow each year until we are completely upgraded. The City has experienced the benefits of the energy savings project that was implemented in 2006 by maintaining level energy costs for street lighting over the last year.

I personally thank Mary Taylor, CPA, our State Auditor, and her staff, the Local Government Services Division, for their involvement and tremendous amount of help in putting together these statements. Mrs. Taylor's desire to make the State of Ohio one of the most respected in financial reporting to the citizens has certainly been taken to heart in Belpre and I am proud to be part of this commitment.

**Contacting the City Auditor's Department**

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



**City of Belpre, Ohio**  
*Statement of Net Assets*  
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,567,055	\$760,368	\$2,327,423
Cash and Cash Equivalents in Segregated Accounts	4,035	0	4,035
Investments	0	50,000	50,000
Hotel Taxes Receivable	322	0	322
Permissive Tax Receivable	4,225	0	4,225
Accounts Receivable	51,283	346,743	398,026
Intergovernmental Receivable	330,736	0	330,736
Municipal Income Tax Receivable	428,260	0	428,260
Materials and Supplies Inventory	8,610	3,336	11,946
Prepaid Items	32,995	11,574	44,569
Property Taxes Receivable	323,398	0	323,398
Non-Depreciable Capital Assets	2,736,418	250,754	2,987,172
Depreciable Capital Assets, Net	11,140,382	13,820,209	24,960,591
<i>Total Assets</i>	<u>16,627,719</u>	<u>15,242,984</u>	<u>31,870,703</u>
<b>Liabilities</b>			
Accounts Payable	34,295	61,968	96,263
Accrued Wages Payable	17,494	6,381	23,875
Intergovernmental Payables	35,323	10,250	45,573
Deferred Revenue	298,057	0	298,057
Accrued Interest Payable	110	1,008	1,118
Vacation Benefits Payable	31,552	19,771	51,323
Due to Others	200	0	200
Customer Deposits Payable	0	185,130	185,130
Long-Term Liabilities:			
Due Within One Year	117,771	712,982	830,753
Due In More Than One Year	976,275	5,750,337	6,726,612
<i>Total Liabilities</i>	<u>1,511,077</u>	<u>6,747,827</u>	<u>8,258,904</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	12,827,247	7,621,574	20,448,821
Restricted for:			
Transportation	473,442	0	473,442
Capital Projects	18,466	0	18,466
Unclaimed Monies	7,930	0	7,930
Other Purposes	86,141	0	86,141
Unrestricted	1,703,416	873,583	2,576,999
<i>Total Net Assets</i>	<u>\$15,116,642</u>	<u>\$8,495,157</u>	<u>\$23,611,799</u>

See accompanying notes to the basic financial statements



**City of Belpre, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2009*

	General	Street	Issue II Paving	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,137,445	\$224,818	\$4,205	\$192,657	\$1,559,125
Cash and Cash Equivalents in Segregated Accounts	3,622	0	0	413	4,035
Restricted Cash	7,930	0	0	0	7,930
Receivables:					
Hotel Tax	322	0	0	0	322
Permissive Tax	0	0	0	4,225	4,225
Accounts	46,444	4,839	0	0	51,283
Municipal Income Tax	428,260	0	0	0	428,260
Property Taxes	323,398	0	0	0	323,398
Intergovernmental	167,372	151,602	0	11,762	330,736
Materials and Supplies Inventory	288	8,322	0	0	8,610
Prepaid Items	26,137	3,092	0	3,766	32,995
<i>Total Assets</i>	<u>\$2,141,218</u>	<u>\$392,673</u>	<u>\$4,205</u>	<u>\$212,823</u>	<u>\$2,750,919</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$22,647	\$5,967	\$0	\$5,681	\$34,295
Accrued Wages Payable	13,664	3,403	0	427	17,494
Intergovernmental Payables	30,398	4,150	0	775	35,323
Deferred Revenue	641,164	101,296	0	7,859	750,319
Due to Others	200	0	0	0	200
<i>Total Liabilities</i>	<u>708,073</u>	<u>114,816</u>	<u>0</u>	<u>14,742</u>	<u>837,631</u>
<b>Fund Balances</b>					
Nonspendable	26,425	11,414	0	3,766	41,605
Restricted	7,930	266,443	4,205	132,351	410,929
Committed	51,602	0	0	61,964	113,566
Assigned	2,207	0	0	0	2,207
Unassigned	1,344,981	0	0	0	1,344,981
<i>Total Fund Balances</i>	<u>1,433,145</u>	<u>277,857</u>	<u>4,205</u>	<u>198,081</u>	<u>1,913,288</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,141,218</u>	<u>\$392,673</u>	<u>\$4,205</u>	<u>\$212,823</u>	<u>\$2,750,919</u>

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2009*

**Total Governmental Fund Balances** \$1,913,288

*Amounts reported for governmental activities in the  
 statement of net assets are different because*

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. 13,876,800

Other long-term assets are not available to pay for current-  
 period expenditures and therefore are deferred in the funds:

Property Taxes	25,341	
Municipal Income Tax	224,691	
Charges for Services	4,360	
Intergovernmental Revenues	197,870	
<b>Total</b>	<b>452,262</b>	<b>452,262</b>

Some liabilities are not due and payable in the current  
 period and therefore are not reported in the funds:

Police Pension Payable	(20,164)	
Accrued Interest Payable	(110)	
Capital Leases Payable	(1,049,553)	
Compensated Absences Payable	(24,329)	
Vacation Benefits Payable	(31,552)	
<b>Total</b>	<b>(1,125,708)</b>	<b>(1,125,708)</b>

***Net Assets of Governmental Activities*** **\$15,116,642**

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	Street	Issue II Paving	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$295,963	\$0	\$0	\$0	\$295,963
Municipal Income Tax	1,055,876	0	0	0	1,055,876
Hotel Tax	750	0	0	0	750
Motor Vehicle License Tax	0	0	0	53,362	53,362
Charges for Services	227,922	0	0	49,980	277,902
Fines, Licenses and Permits	214,806	12,129	0	9,768	236,703
Intergovernmental	360,316	296,714	321,701	228,243	1,206,974
Interest	12,275	581	0	98	12,954
Donations	14,740	0	0	12,296	27,036
Other	32,504	8,318	0	8,420	49,242
<i>Total Revenues</i>	<u>2,215,152</u>	<u>317,742</u>	<u>321,701</u>	<u>362,167</u>	<u>3,216,762</u>
<b>Expenditures</b>					
Current:					
General Government	638,120	0	0	0	638,120
Security of Persons and Property:					
Police	946,028	0	0	984	947,012
Fire	151,900	0	0	0	151,900
Public Health Services	40,640	0	0	0	40,640
Transportation	62,510	310,323	0	147,271	520,104
Leisure Time Activities:					
Senior Center	52,166	0	0	0	52,166
Parks	0	0	0	88,953	88,953
Pool	0	0	0	78,072	78,072
Community Environment	0	0	0	145,466	145,466
Capital Outlay	96,253	0	321,701	4,500	422,454
Debt Service:					
Principal Retirement	112,574	0	0	0	112,574
Interest and Fiscal Charges	46,491	0	0	0	46,491
<i>Total Expenditures</i>	<u>2,146,682</u>	<u>310,323</u>	<u>321,701</u>	<u>465,246</u>	<u>3,243,952</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>68,470</u>	<u>7,419</u>	<u>0</u>	<u>(103,079)</u>	<u>(27,190)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	4,900	0	0	0	4,900
Transfers In	0	70,000	0	100,000	170,000
Transfers Out	(270,000)	0	0	0	(270,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(265,100)</u>	<u>70,000</u>	<u>0</u>	<u>100,000</u>	<u>(95,100)</u>
<i>Net Change in Fund Balances</i>	(196,630)	77,419	0	(3,079)	(122,290)
<i>Fund Balances Beginning of Year</i>	<u>1,629,775</u>	<u>200,438</u>	<u>4,205</u>	<u>201,160</u>	<u>2,035,578</u>
<i>Fund Balances End of Year</i>	<u>\$1,433,145</u>	<u>\$277,857</u>	<u>\$4,205</u>	<u>\$198,081</u>	<u>\$1,913,288</u>

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2009*

**Net Change in Fund Balances - Total Governmental Funds** (\$122,290)

*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. In the current period, these amounts are:

Capital Outlay	301,775	
Donated Assets	716,000	
Depreciation	<u>(956,306)</u>	
		61,469

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (8,641)

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

Investment Earnings	(650)	
Property Taxes	6,205	
Municipal Income Tax	(94,614)	
Charges for Services	4,360	
Estate Tax	(8,599)	
Grants	379	
State Shared Revenues	8,051	
Tax Reimbursements	<u>3,294</u>	
Total		(81,574)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 113,007

Interest is reported as a program expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. 1

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:

Vacation Benefits Payable	3,895	
Compensated Absences Payable - Sick	<u>11,443</u>	
Total		<u>15,338</u>

***Change in Net Assets of Governmental Activities*** (\$22,690)

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over Over (Under)
<b>Revenues</b>				
Property Taxes	\$303,319	\$303,319	\$295,963	(\$7,356)
Municipal Income Tax	1,020,950	1,020,950	1,071,438	50,488
Hotel Tax	550	550	472	(78)
Charges for Services	201,320	201,320	209,362	8,042
Fines, Licenses and Permits	235,555	235,555	215,013	(20,542)
Intergovernmental	333,810	368,810	435,398	66,588
Interest	32,544	32,544	12,191	(20,353)
Donations	4,950	4,950	13,538	8,588
Other	6,500	6,500	33,979	27,479
<i>Total Revenues</i>	<u>2,139,498</u>	<u>2,174,498</u>	<u>2,287,354</u>	<u>112,856</u>
<b>Expenditures</b>				
Current:				
General Government	706,324	746,532	626,354	120,178
Security of Persons and Property:				
Police	987,594	1,049,541	1,005,271	44,270
Fire	169,449	174,033	149,292	24,741
Public Health Services	45,650	50,530	41,935	8,595
Transportation	68,254	68,254	61,057	7,197
Leisure Time Activities - Senior Center	57,319	64,119	59,299	4,820
Capital Outlay	194,608	283,712	134,078	149,634
Debt Service:				
Principal Retirement	114,578	114,578	113,527	1,051
Interest and Fiscal Charges	47,473	47,473	46,975	498
<i>Total Expenditures</i>	<u>2,391,249</u>	<u>2,598,772</u>	<u>2,237,788</u>	<u>360,984</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(251,751)</u>	<u>(424,274)</u>	<u>49,566</u>	<u>473,840</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	4,900	4,900
Transfers Out	(270,000)	(270,000)	(270,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(270,000)</u>	<u>(270,000)</u>	<u>(265,100)</u>	<u>4,900</u>
<i>Net Change in Fund Balance</i>	(521,751)	(694,274)	(215,534)	478,740
<i>Fund Balance Beginning of Year</i>	1,289,316	1,289,316	1,289,316	0
Prior Year Encumbrances Appropriated	15,372	15,372	15,372	0
<i>Fund Balance End of Year</i>	<u>\$782,937</u>	<u>\$610,414</u>	<u>\$1,089,154</u>	<u>\$478,740</u>

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Fund  
For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues</b>				
Fines, Licenses and Permits	\$5,000	\$5,000	\$12,129	\$7,129
Intergovernmental	307,000	307,000	289,704	(17,296)
Interest	0	0	719	719
Other	0	0	5,564	5,564
<i>Total Revenues</i>	312,000	312,000	308,116	(3,884)
<b>Expenditures</b>				
Current:				
Transportation	372,452	372,452	313,135	59,317
<i>Excess of Revenues Under Expenditures</i>	(60,452)	(60,452)	(5,019)	55,433
<b>Other Financing Sources</b>				
Transfers In	70,000	70,000	70,000	0
<i>Net Change in Fund Balance</i>	9,548	9,548	64,981	55,433
<i>Fund Balance Beginning of Year</i>	137,843	137,843	137,843	0
Prior Year Encumbrances Appropriated	9,220	9,220	9,220	0
<i>Fund Balance End of Year</i>	<u>\$156,611</u>	<u>\$156,611</u>	<u>\$212,044</u>	<u>\$55,433</u>

See accompanying notes to the basic financial statements



**City of Belpre, Ohio**  
*Statement of Fund Net Assets*  
*Enterprise Funds*  
*December 31, 2009*

	Sanitation	Sewer	Water	Total Enterprise Funds
<b>Assets</b>				
Current:				
Equity in Pooled Cash and Cash Equivalents	\$398,873	\$152,979	\$73,386	\$625,238
Accounts Receivable	66,384	204,287	76,072	346,743
Materials and Supplies Inventory	0	1,767	1,569	3,336
Restricted Assets:				
Customer Deposits	0	0	135,130	135,130
Investments	0	0	50,000	50,000
Prepaid Items	1,598	5,011	4,965	11,574
<i>Total Current Assets</i>	<u>466,855</u>	<u>364,044</u>	<u>341,122</u>	<u>1,172,021</u>
Noncurrent:				
Non-Depreciable Capital Assets	0	78,805	171,949	250,754
Depreciable Capital Assets, Net	0	7,274,989	6,545,220	13,820,209
<i>Total Noncurrent Assets</i>	<u>0</u>	<u>7,353,794</u>	<u>6,717,169</u>	<u>14,070,963</u>
<i>Total Assets</i>	<u>466,855</u>	<u>7,717,838</u>	<u>7,058,291</u>	<u>15,242,984</u>
<b>Liabilities</b>				
Current:				
Accounts Payable	28,981	21,318	11,669	61,968
Accrued Wages Payable	75	5,309	997	6,381
Intergovernmental Payables	181	7,059	3,010	10,250
Accrued Interest Payable	0	0	1,008	1,008
Vacation Benefits Payable	384	14,610	4,777	19,771
Capital Lease Payable	0	362,888	289,602	652,490
Loans Payable	0	0	48,274	48,274
Issue II Loans Payable	0	4,771	1,921	6,692
Compensated Absences Payable	0	5,526	0	5,526
Customer Deposits Payable from Restricted Assets	0	0	185,130	185,130
<i>Total Current Liabilities</i>	<u>29,621</u>	<u>421,481</u>	<u>546,388</u>	<u>997,490</u>
Long-Term:				
Capital Lease Payable	0	2,883,567	2,301,225	5,184,792
Loans Payable	0	0	358,710	358,710
Issue II Loans Payable	0	148,527	49,904	198,431
Compensated Absences Payable	300	4,115	3,989	8,404
<i>Total Long-Term Liabilities</i>	<u>300</u>	<u>3,036,209</u>	<u>2,713,828</u>	<u>5,750,337</u>
<i>Total Liabilities</i>	<u>29,921</u>	<u>3,457,690</u>	<u>3,260,216</u>	<u>6,747,827</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	0	3,954,041	3,667,533	7,621,574
Unrestricted	436,934	306,107	130,542	873,583
<i>Total Net Assets</i>	<u>\$436,934</u>	<u>\$4,260,148</u>	<u>\$3,798,075</u>	<u>\$8,495,157</u>

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Enterprise Funds  
For the Year Ended December 31, 2009*

	Sanitation	Sewer	Water	Total Enterprise Funds
<b>Operating Revenues</b>				
Charges for Services	\$724,617	\$1,182,827	\$832,436	\$2,739,880
Other Operating Revenues	49	1,361	699	2,109
<i>Total Operating Revenues</i>	<u>724,666</u>	<u>1,184,188</u>	<u>833,135</u>	<u>2,741,989</u>
<b>Operating Expenses</b>				
Salaries and Wages	9,699	333,358	125,162	468,219
Fringe Benefits	4,576	158,818	63,492	226,886
Contractual Services	610,013	368,337	213,655	1,192,005
Materials and Supplies	5,536	69,217	105,353	180,106
Depreciation	0	223,650	153,318	376,968
<i>Total Operating Expenses</i>	<u>629,824</u>	<u>1,153,380</u>	<u>660,980</u>	<u>2,444,184</u>
<i>Operating Income</i>	<u>94,842</u>	<u>30,808</u>	<u>172,155</u>	<u>297,805</u>
<b>Non-Operating Expenses</b>				
Loss on Disposal of Assets	0	(38,893)	(2,389)	(41,282)
Interest and Fiscal Charges	0	(147,013)	(130,064)	(277,077)
<i>Total Non-Operating Expenses</i>	<u>0</u>	<u>(185,906)</u>	<u>(132,453)</u>	<u>(318,359)</u>
<i>Income (Loss) Before Contributions and Transfers</i>	<u>94,842</u>	<u>(155,098)</u>	<u>39,702</u>	<u>(20,554)</u>
Capital Contributions	0	0	8,050	8,050
Transfers In	0	0	100,000	100,000
<i>Change in Net Assets</i>	<u>94,842</u>	<u>(155,098)</u>	<u>147,752</u>	<u>87,496</u>
<i>Net Assets Beginning of Year</i>	<u>342,092</u>	<u>4,415,246</u>	<u>3,650,323</u>	<u>8,407,661</u>
<i>Net Assets End of Year</i>	<u>\$436,934</u>	<u>\$4,260,148</u>	<u>\$3,798,075</u>	<u>\$8,495,157</u>

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Statement of Cash Flows*  
*Enterprise Funds*  
For the Year Ended December 31, 2009

	Sanitation	Sewer	Water	Total Enterprise Funds
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$730,404	\$1,316,247	\$854,108	\$2,900,759
Cash Payments for Employee Services and Benefits	(14,321)	(494,453)	(188,778)	(697,552)
Cash Payments to Suppliers for Goods and Services	(676,475)	(444,799)	(321,133)	(1,442,407)
Other Operating Revenues	49	1,361	699	2,109
Customer Deposits Received	0	0	17,980	17,980
Customer Deposits Returned	0	0	(1,682)	(1,682)
<i>Net Cash Provided by Operating Activities</i>	<u>39,657</u>	<u>378,356</u>	<u>361,194</u>	<u>779,207</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers	0	0	100,000	100,000
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of Capital Assets	0	(18,815)	(14,950)	(33,765)
Principal Paid on Loans	0	(9,401)	(49,669)	(59,070)
Principal Paid on Capital Leases	0	(348,211)	(277,889)	(626,100)
Interest Paid on Debt	0	(147,013)	(130,178)	(277,191)
Capital Contributions	0	0	8,050	8,050
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>0</u>	<u>(523,440)</u>	<u>(464,636)</u>	<u>(988,076)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	39,657	(145,084)	(3,442)	(108,869)
<i>Cash and Cash Equivalents Beginning of Year</i>	359,216	298,063	211,958	869,237
<i>Cash and Cash Equivalents End of Year</i>	<u>\$398,873</u>	<u>\$152,979</u>	<u>\$208,516</u>	<u>\$760,368</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
<i>Operating Income</i>	\$94,842	\$30,808	\$172,155	\$297,805
Adjustments:				
Depreciation	0	223,650	153,318	376,968
(Increase)/Decrease in Assets:				
Accounts Receivable	5,787	133,420	21,672	160,879
Materials and Supplies Inventory	0	(339)	66	(273)
Prepaid Items	(47)	(203)	(148)	(398)
Increase/(Decrease) in Liabilities:				
Accounts Payable	(60,771)	(5,953)	85	(66,639)
Contracts Payable	0	0	(1,571)	(1,571)
Accrued Wages Payable	(21)	1,688	31	1,698
Intergovernmental Payables	(190)	(4,938)	(1,195)	(6,323)
Vacation Benefits Payable	(20)	446	(211)	215
Customer Deposits	0	0	16,298	16,298
Compensated Absences Payable	77	(223)	694	548
<i>Net Cash Provided by Operating Activities</i>	<u>\$39,657</u>	<u>\$378,356</u>	<u>\$361,194</u>	<u>\$779,207</u>

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2009*

**Assets**

Equity Pooled in Cash and Cash Equivalents	\$36,621
Cash and Cash Equivalents in Segregated Accounts	<u>1,803</u>
<i>Total Assets</i>	<u><u>\$38,424</u></u>

**Liabilities**

Intergovernmental Payables	\$37,713
Due to Others	<u>711</u>
<i>Total Liabilities</i>	<u><u>\$38,424</u></u>

See accompanying notes to the basic financial statements

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 1 - Description of the City and Reporting Entity**

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

***Reporting Entity***

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City participates in the Community Action Program Corporation of Washington-Morgan Counties, Ohio, and the Wood, Washington, and Wirt Planning Commission, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 17.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the City of Belpre have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activities and enterprise funds. The more significant of the City's accounting policies are described below.

***A. Basis of Presentation***

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

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity self-financing or draws from the general revenues of the City.

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

**B. Fund Accounting**

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

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

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

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

**Issue II Paving** This fund accounts for revenues from the Ohio Public Works Commission that are restricted for street paving projects within the City.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

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

**Sanitation Fund** The Sanitation Fund is used to account for sanitation billing revenues used to provide sanitation services.

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

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

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. There are four categories of fiduciary funds; pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds. The City's agency funds account for payroll activity, pass-thru activity, and mayor's court collections that are distributed to various local governments.

**C. Measurement Focus**

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

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

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

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from a nonexchange transaction must also be available before it can be recognized.

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

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*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but which were levied to finance year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met also have been recorded as deferred revenue.

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

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

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

**E. Budget Process**

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

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

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

**F. Cash and Cash Equivalents**

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

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

During 2009, investments were limited to non-negotiable certificates of deposit, which are reported at cost.

Following the Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the General Fund and Street and State Highway Special Revenue Funds. Interest revenue credited to the General Fund during 2009 amounted to \$12,275, which includes \$5,247 assigned from other City funds.



**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
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Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

***G. Inventory***

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

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

Inventory consists of expendable supplies held for consumption.

***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2009, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

***I. Restricted Assets***

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

***J. Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market value as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of U.S. and State roads, City streets, street signs, and water and sewer systems. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
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Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	20 - 50 years	20 - 50 years
Machinery and Equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	8 years
Infrastructure	30 years	50 - 65 years

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

***K. Compensated Absences***

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

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

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

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

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

***M. Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, if any.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used

**City of Belpre, Ohio**  
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only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

***N. Net Assets***

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

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

***O. Operating Revenues and Expenses***

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

***P. Contributions of Capital***

Contributions of capital in the proprietary fund financial statements can arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions during 2009 arose from tap-in fees.

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
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***Q. Internal Activity***

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

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

***R. Estimates***

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

**Note 3 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Unrecorded cash and interest, segregated accounts, and prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the General Fund and the Street Special Revenue Fund.

**City of Belpre, Ohio**  
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Net Change in Fund Balance

	General	Street
GAAP Basis	(\$196,630)	\$77,419
Net Adjustment for Revenue Accruals	89	(2,595)
Beginning of Year:		
Unrecorded Items	71,859	41
Prepaid Items	24,799	3,053
Segregated Accounts	4,268	0
End of Year:		
Unrecorded Items	(392)	(7,072)
Prepaid Items	(26,137)	(3,092)
Segregated Accounts	(3,622)	0
Net Adjustment for Expenditure Accruals	(33,939)	2,929
Encumbrances	(55,829)	(5,702)
Budget Basis	(\$215,534)	\$64,981

**Note 4 - Changes in Accounting Principles**

For fiscal year 2009, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in any restatement of the City's balances.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the City's financial statements.

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
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GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the City's financial statements.

**Note 5 – Fund Balances**

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

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Fund Balances	General	Street	Issue 11 Paving	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>					
Prepays	\$26,137	\$3,092	\$0	\$3,766	\$32,995
Inventory	288	8,322	0	0	8,610
<i>Total Nonspendable</i>	<u>26,425</u>	<u>11,414</u>	<u>0</u>	<u>3,766</u>	<u>41,605</u>
<u>Restricted for:</u>					
Street Improvements	0	266,443	0	97,196	363,639
Community Development	0	0	0	1,176	1,176
Law enforcement	0	0	0	5,120	5,120
Drug and alcohol enforcement	0	0	0	1,435	1,435
Pool Improvements	0	0	0	14,261	14,261
Mayor's Court	0	0	0	13,163	13,163
Unclaimed monies	7,930	0	0	0	7,930
Issue 11 Improvements	0	0	4,205	0	4,205
<i>Total Restricted</i>	<u>7,930</u>	<u>266,443</u>	<u>4,205</u>	<u>132,351</u>	<u>410,929</u>
<u>Committed to:</u>					
Parks and Recreation	0	0	0	44,521	44,521
Swimming pool operations	0	0	0	17,443	17,443
Other purposes	51,602	0	0	0	51,602
<i>Total Committed</i>	<u>51,602</u>	<u>0</u>	<u>0</u>	<u>61,964</u>	<u>113,566</u>
<u>Assigned to:</u>					
Other purposes	2,207	0	0	0	2,207
<i>Total Assigned</i>	<u>2,207</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,207</u>
<u>Unassigned:</u>					
	1,344,981	0	0	0	1,344,981
<b>Total Fund Balances</b>	<u><u>\$1,433,145</u></u>	<u><u>\$277,857</u></u>	<u><u>\$4,205</u></u>	<u><u>\$198,081</u></u>	<u><u>\$1,913,288</u></u>

**Note 6 - Deposits and Investments**

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

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

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

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

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

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

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

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

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

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

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

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's



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deposits was \$2,419,682 and the bank balance was \$2,429,377. Of the bank balance, \$641,553 was covered by Federal depository insurance; \$1,787,824 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

**Note 7 - Receivables**

Receivables at December 31, 2009, consisted of municipal income tax, property taxes, hotel tax, permissive tax, accounts (billings for user charged services including unbilled utility services), and intergovernmental receivables arising from entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**A. Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2009, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$98,762,290
Public Utility Tangible Property	<u>2,895,490</u>
	<u><u>\$101,657,780</u></u>

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Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Belpre. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2009, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2009 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue, while the remainder of the receivable has been deferred.

**B. Income Taxes**

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

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

**C. Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Excise Tax	\$87,702
Estate Tax	76,396
Local Government	60,386
Gasoline Tax	42,506
Motor Vehicle License Tax	33,156
Rollback and Homestead	25,458
Personal Property Tax Exemption	2,993
Health Subsidy	1,166
Public Utility Reimbursement	973
	<u>\$330,736</u>

**Note 8 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the City contracted with the Ohio Government Risk Management Plan (the "Plan") through the Kinder's Insurance Agency, LTD. The Plan is an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to 592 Ohio governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverages, modified for each Member's needs. The Plan pays judgments, settlements, and other expenses resulting

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from covered claims that exceed the member's deductible.

The Plan does not operate as a risk pool, but provides conventional insurance protection and reinsures these coverages. The Plan retains a small portion of the risk as identified in the Plan's financials presented on the website at [www.ohioplan.com](http://www.ohioplan.com). The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

Type of Coverage	Limit	Aggregate	Deductible
<b>Property:</b>			
Building and Contents	\$19,792,124		\$1,000
Earthquake	2,000,000		25,000
Boiler and Machinery	19,792,124		1,000
Valuable Papers and Records	100,000		1,000
Business Income with Extra Expenses	500,000		1,000
Accounts Receivable	250,000		1,000
Power Interruption	25,000		1,000
Computer Equipment	250,000		1,000
<b>Liability:</b>			
General	3,000,000 per Occurrence	\$5,000,000	1,000
Employee Benefits	1,000,000 per Occurrence	3,000,000	1,000
Public Officials Wrongful Acts	3,000,000 per Occurrence	5,000,000	2,500
Police Professional	3,000,000 per Occurrence	5,000,000	2,500
Ohio Stop Gap	3,000,000 per Occurrence	3,000,000	1,000
Fire Damage	1,000,000 per Occurrence		1,000
Medical Expense	10,000 per Person	50,000	2,500
Sewer Limitation	3,000,000		1,000
<b>Vehicle:</b>			
Liability	6,000,000		0
Medical Expense	5,000		0
Uninsured/Underinsured	0		0
Hired Car Physical Damage	50,000		
Comprehensive; Collision			500;500
Employee or Volunteer Auto Personal			
Effects - Comprehensive; Collision	2,500		250;250
<b>Crime:</b>			
Inside/Outside Premise	25,000		100
Employee Dishonesty Blanket	250,000		100
Forgery and Alterations	100,000		100
<b>Inland Marine:</b>			
Property not Licensed for Highway Use	1,918,264		1,000
Miscellaneous Equipment	125,000		1,000

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

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**Note 9 - Capital Assets**

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

	Balance 12/31/08	Increases	Decreases	Balance 12/31/09
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$2,024,318	\$712,100	\$0	\$2,736,418
Total Capital Assets not being Depreciated	<u>2,024,318</u>	<u>712,100</u>	<u>0</u>	<u>2,736,418</u>
Capital Assets being Depreciated:				
Buildings and Improvements	4,378,005	18,152	107,444	4,288,713
Machinery and Equipment	1,042,290	102,846	201,581	943,555
Vehicles	2,074,296	7,100	168,795	1,912,601
U.S. and State Roads	6,100,176	0	0	6,100,176
City Streets	14,896,243	177,577	0	15,073,820
Street Signals	698,289	0	0	698,289
Total Capital Assets being Depreciated	<u>29,189,299</u>	<u>305,675</u>	<u>477,820</u>	<u>29,017,154</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,557,803)	(103,685)	(100,556)	(1,560,932)
Machinery and Equipment	(835,686)	(39,692)	(199,828)	(675,550)
Vehicles	(1,593,800)	(87,000)	(168,795)	(1,512,005)
U.S. and State Roads	(4,066,783)	(203,339)	0	(4,270,122)
City Streets	(8,956,338)	(497,481)	0	(9,453,819)
Street Signals	(379,235)	(25,109)	0	(404,344)
Total Accumulated Depreciation	<u>(17,389,645)</u>	<u>(956,306) *</u>	<u>(469,179)</u>	<u>(17,876,772)</u>
Total Capital Assets being Depreciated, Net	<u>11,799,654</u>	<u>(650,631)</u>	<u>8,641</u>	<u>11,140,382</u>
Governmental Activities Capital Assets, Net	<u>\$13,823,972</u>	<u>\$61,469</u>	<u>\$8,641</u>	<u>\$13,876,800</u>

\* Depreciation expense was charged to governmental programs as follows:

General Government	\$17,092
Security of Persons and Property:	
Police	33,073
Fire	62,395
Transportation	761,472
Leisure Time Activities:	
Senior Center	4,078
Parks	48,522
Pool	29,674
Total Depreciation Expense	<u>\$956,306</u>

During the year, the City accepted donated capital assets of \$3,900 from the County's Senior Citizen Levy monies and \$712,100 in donated land.

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	Balance 12/31/08	Increases	Decreases	Balance 12/31/09
<b>Business-Type Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$250,754	\$0	\$0	\$250,754
Total Capital Assets not being Depreciated	250,754	0	0	250,754
Capital Assets being Depreciated:				
Buildings and Improvements	801,416	3,900	5,455	799,861
Machinery and Equipment	1,763,730	11,801	556,673	1,218,858
Vehicles	140,381	1,514	9,732	132,163
Infrastructure	16,824,439	16,550	70,444	16,770,545
Total Capital Assets being Depreciated	19,529,966	33,765	642,304	18,921,427
Less Accumulated Depreciation:				
Buildings and Improvements	(224,154)	(15,390)	(5,455)	(234,089)
Machinery and Equipment	(1,390,051)	(66,331)	(515,391)	(940,991)
Vehicles	(113,509)	(7,720)	(9,732)	(111,497)
Infrastructure	(3,597,558)	(287,527)	(70,444)	(3,814,641)
Total Accumulated Depreciation	(5,325,272)	(376,968)	(601,022)	(5,101,218)
Total Capital Assets being Depreciated, Net	14,204,694	(343,203)	41,282	13,820,209
Business-Type Activities Capital Assets, Net	\$14,455,448	(\$343,203)	\$41,282	\$14,070,963

**Note 10 - Employee Benefits**

**A. Insurance**

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

The City provides comprehensive major medical insurance for full time employees, other than police, through Medical Mutual and for police through the United Food & Commercial Worker's Union. The City pays 85% of the total monthly premium for the first plan and 100% of the monthly premium for the second plan. Premiums are paid from the same funds that pay the employees' salaries.

**B. Compensated Absences**

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

**Note 11 - Interfund Activity**

Interfund transfers during 2009 consisted of the following:

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Transfers to	Transfers from General
Special Revenue Funds:	
Street	\$70,000
Parks and Recreation	90,000
Pool	10,000
Total Special Revenue Funds	170,000
Water Enterprise Fund	100,000
Total	\$270,000

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

The transfers from the General Fund to the Special Revenue Funds and the Water Enterprise Fund were made to supplement any revenue shortfalls.

**Note 12 – Capital Leases – Lessee Disclosure**

In previous years, the City entered into a capitalized lease for energy and pool improvements. This lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. The City made principal payments during 2009 of \$112,574 in the governmental activities and \$626,100 in the business-type activities. Under the terms of the capital lease, the lessor deposited the amount sufficient to capitalize the entire cost of the construction under the lease in an interest-bearing escrow account established by a bank escrow agent and held for the benefit of the City of Belpre. The City requested the escrow agent to disburse payments to the contractor during the construction period as work was completed. The account was closed during 2008 when construction was completed.

The assets constructed through the capital lease are as follows:

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$1,337,675	\$7,503,557
Less Accumulated Depreciation	(53,958)	(202,018)
Total at December 31, 2009	\$1,283,717	\$7,301,539

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The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009:

Year Ending December 31,	Governmental Activities	Business-Type Activities	Total
2010	\$159,065	\$884,670	\$1,043,735
2011	159,065	884,670	1,043,735
2012	159,065	884,670	1,043,735
2013	159,065	884,670	1,043,735
2014	159,065	884,670	1,043,735
2015-2017	437,430	2,432,843	2,870,273
Total Minimum Lease Payments	1,232,755	6,856,193	8,088,948
Less: Amount Representing Interest	(183,202)	(1,018,911)	(1,202,113)
Present Value of Net Minimum Lease Payments	<u>\$1,049,553</u>	<u>\$5,837,282</u>	<u>\$6,886,835</u>

**Note 13 - Long-Term Obligations**

A schedule of changes in long-term obligations of the City during 2009 follows:

	Principal Outstanding 12/31/08	Additions	Retirements	Principal Outstanding 12/31/09	Amounts Due in One Year
<b>Governmental Activities:</b>					
Capital Lease	\$1,162,127	\$0	\$112,574	\$1,049,553	\$117,319
Police Pension	20,597	0	433	20,164	452
Compensated Absences - Sick	35,772	3,066	14,509	24,329	0
Total Governmental Activities	<u>\$1,218,496</u>	<u>\$3,066</u>	<u>\$127,516</u>	<u>\$1,094,046</u>	<u>\$117,771</u>
<b>Business-Type Activities:</b>					
Issue II Water Well - 2%	\$55,612	\$0	\$3,787	\$51,825	\$1,921
Water Tank Loan - 4.52%	452,866	0	45,882	406,984	48,274
Issue II Treatment Plant - 2%	162,699	0	9,401	153,298	4,771
Total Loans	<u>671,177</u>	<u>0</u>	<u>59,070</u>	<u>612,107</u>	<u>54,966</u>
Capital Lease	6,463,382	0	626,100	5,837,282	652,490
Compensated Absences - Sick	13,382	548	0	13,930	5,526
Total Business-Type Activities	<u>\$7,147,941</u>	<u>\$548</u>	<u>\$685,170</u>	<u>\$6,463,319</u>	<u>\$712,982</u>

The police pension is paid from general property tax revenues from the General Fund. The police pension liability payments are reflected as program expenditures. Capital leases will be paid from energy savings from the General Fund and the Water and Sewer Enterprise Funds. Compensated absences for sick leave liabilities will be paid from the General Fund, Street Special Revenue Fund, and Sanitation, Sewer, and Water Enterprise Funds. The General Fund made severance payments during 2009.

The final draw on the Issue II water well loan was received on September 18, 2000. The full amount of the loan was \$80,103 and was used for improvements to the water well. Charges for services in the Water Enterprise Fund will repay this obligation.

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

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The final draw on the Issue II treatment plant loan was received in 2003. The full amount of the loan was \$207,000. On November 18, 1999, the City was approved for a \$1,023,600 loan for its portion of the Issue II treatment plant project. Since the treatment plant improvements were completed under budget, the City did not borrow the full amount of the approved loan. The amount borrowed was \$850,444. Charges for services in the Sewer Enterprise Fund will repay these obligations.

The City's overall legal debt margin was \$10,674,067 at December 31, 2009.

Principal and interest requirements to retire the police pension liability at December 31, 2009, are as follows:

Year	Principal	Interest	Total
2010	\$452	\$852	\$1,304
2011	471	833	1,304
2012	492	813	1,305
2013	513	791	1,304
2014	534	791	1,325
2015-2019	3,038	3,480	6,518
2020-2024	3,748	2,770	6,518
2025-2029	4,628	1,890	6,518
2030-2034	5,708	810	6,518
2035	580	0	580
	<u>\$20,164</u>	<u>\$13,030</u>	<u>\$33,194</u>

Principal and interest requirements to retire the Issue II water well loan at December 31, 2009, are as follows:

Year	Principal	Interest	Total
2010	\$1,921	\$518	\$2,439
2011	3,901	979	4,880
2012	3,979	900	4,879
2013	4,059	820	4,879
2014	4,141	739	4,880
2015-2019	21,985	2,411	24,396
2020-2022	11,839	357	12,196
	<u>\$51,825</u>	<u>\$6,724</u>	<u>\$58,549</u>

Principal and interest requirements to retire the water storage tank loan at December 31, 2009, are as follows:

Year	Principal	Interest	Total
2010	\$48,274	\$17,403	\$65,677
2011	50,501	15,176	65,677
2012	52,832	12,845	65,677
2013	55,270	10,407	65,677
2014	200,107	754	200,861
	<u>\$406,984</u>	<u>\$56,585</u>	<u>\$463,569</u>



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Principal and interest requirements to retire the Issue II treatment plant loan at December 31, 2009, are as follows:

Year	Principal	Interest	Total
2010	\$4,771	\$1,533	\$6,304
2011	9,686	2,922	12,608
2012	9,881	2,727	12,608
2013	10,080	2,529	12,609
2014	10,283	2,326	12,609
2015-2019	54,595	8,449	63,044
2020-2024	54,002	2,737	56,739
	\$153,298	\$23,223	\$176,521

**Note 14 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, the members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City’s 2009 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City’s contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the City’s contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City’s required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007, were \$85,014, \$60,688, and \$74,192 respectively; 89 percent has been contributed for 2009 and 100 percent for 2008 and 2007. There were no contributions to the member-directed plan for 2009 for the City of Belpre.

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

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City's contributions to OP&F for police and firefighters were \$76,428 and \$6,457 for the year ended December 31, 2009, \$74,518 and \$7,154 for the year ended December 31, 2008, and \$60,404 and \$5,981 for the year ended December 31, 2007. 89 percent has been contributed for police and 86 percent for firefighters has been contributed for 2009. The full amount has been contributed for 2008 and 2007.

**Note 15 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

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

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377. Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local government employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent 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 benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$55,009, \$60,688, and \$52,079 respectively; 89 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

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 increased as of January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of 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 is codified in Chapter 742 of the Ohio Revised Code.

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to 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 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 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$40,462 and \$2,527 for the year ended December 31, 2009, \$39,451 and \$2,799 for the year ended December 31, 2008, and \$36,517 and \$2,597 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 89 percent has been contributed for police and 86 percent has been contributed for firefighters for 2009.

**Note 16 - Contingent Liabilities**

**A. Litigation**

The City of Belpre is not currently party to legal proceedings seeking damages against the City as confirmed by the City Law Director.

**City of Belpre, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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***B. Federal and State Grants***

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2009, the audits of certain of these programs have not been completed. Accordingly, the City's compliance with applicable grant requirements will be established at some future date.

**Note 17 - Jointly Governed Organizations**

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

The Community Action Program Corporation of Washington-Morgan Counties, Ohio, is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program; the Community Action Bus Line (CABL); the Child Development Program; the Senior Nutrition Program; Women, Infants and Children's Supplemental Nutrition Program; the Home Weatherization Assistance and Energy Program; the Job Training and Partnership Act Program; Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program; and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Belpre and Washington and Morgan Counties, provides administrative services to these governments in specific programs. During 2009, the Corporation did not receive any administrative fees from the City. These fees were received by the Corporation directly from the granting agencies. The continued existence of the Corporation is not dependent on the City's continued participation and the City does not have an equity interest in the Corporation.

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

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is composed of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives including the Mayor of the City of Belpre. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. During 2009, the City of Belpre contributed \$2,178. The continued existence of the Commission is not dependent on the City's continued participation and the City does not have an equity interest in the Commission.

***Perry & Associates***  
Certified Public Accountants, A.C.

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1035 Murdoch Avenue  
Parkersburg, WV 26101  
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MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

September 10, 2010

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

To the Members of Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **City of Belpre, Washington County, Ohio** (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 and have issued our report dated September 10, 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 expressing our opinion on the financial statements, but not to opine 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 findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-003 and 2009-004 described in the accompanying schedule of findings to be significant deficiencies.

### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 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 September 10, 2010.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

**CITY OF BELPRE  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-001**

**Material Weakness**

**Accounting for Receipts and Expenditures**

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

Receipts and expenditures were not always posted accurately to the City's accounting system. Examples of posting errors are as follows:

- Various tax and intergovernmental receipts were posted to the wrong funds as well as misclassified within funds.
- A debt payment was made from the Water Fund rather than the Sewer Fund.
- Grants that were paid directly to vendors were not posted, or were posted as reduction of expenditures rather than revenue and expenditure.

These mispostings resulted in several reclassifications and adjustments being made to the City's financial statements. The accompanying financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the City Auditor refer to the Ohio Administrative Code for guidance to determine the proper classification of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**CITY OF BELPRE  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-002**

**Material Weakness/Noncompliance Citation**

**Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16** state in part that money may be transferred from the General Fund to any other fund of the subdivision by resolution of the taxing authority. Except in the case of transfers from the General Fund, transfers can be made only by resolution of the taxing authority passed with affirmative vote of two-thirds of the members and with the approval of the Tax Commissioner and the Court of Common Pleas.

In 2009, the City transferred \$175,000 from the General Fund to the Sanitation Fund without the approval of the court of common pleas. The noted transfer was returned through an audit adjustment and is reflected in the accompanying financial statements.

We recommend the City obtain court of common pleas approval for transfers from funds other than the General Fund.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-003**

**Significant Deficiency**

**Cash Reconciliations**

The City Auditor does reconcile the end of the month cash balance per the City's accounting system and it is included in the Treasurer's Report to Council; however, there is no reconciliation to bank account balances. There were several errors from untimely deposits and mispostings reflecting an inaccurate ending balance per the reconciliation. This condition caused inaccurate information to be presented to the City Council and could lead to the City Council making decisions based on incorrect information. Adjustments were made in order to get the bank and book to reconcile. The accompanying financial statements reflect all adjustments.

We recommend the City Auditor reconcile the end of the month bank balance to the City's end of the month accounting system balance. We recommend the City Auditor include this reconciliation as part of the financial report the Council approves each month at its meeting.

**Management's Response** – We did not receive a response from officials to this finding.



**CITY OF BELPRE  
WASHINGTON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2009-004**

**Significant Deficiency**

**City Swimming Pool**

During our testing of pool receipts, we noted the following:

- Receipts are collected and deposited by Marietta YMCA employees directly into the City's general checking account. The City does review/reconcile the deposits to the monthly report. However, the monthly report does not have any form of supporting documentation.
- The contract states the Marietta YMCA will provide a weekly gross income report due the following Tuesday of every week. These reports were not submitted for all of 2009.
- Daily pool receipts were deposited in a timely manner; however, the receipts were not posted to the City's computer system on a timely basis. Monthly totals are posted to the revenue ledger.

We also determined internal controls over the collection of pool receipts were inadequate and could result in misappropriation of City assets.

We recommend the City take the following actions concerning pool receipt collections:

- The Daily Recap Sheet should be properly completed, filed and signed by the Pool Manager.
- Whenever an error has been made when operating the cash register (over/under ring), a void should be made. All voids or adjustments should be documented as to the reason and signed by the Pool Manager.
- Enhance the effectiveness/usefulness of the Daily Recap Sheet by including attendance and reconciling to amount collected.
- Weekly gross income reports should be submitted to City on a timely basis with supporting daily recap sheets and deposit slips.
- Consider preparing a formal written policy which summarizes the City's procedures over the pool. These policies and procedures could be distributed to the applicable parties and acknowledgement forms could be signed and kept on file evidencing individuals' awareness of the City's policies and procedures.
- The pool department should maintain a perpetual inventory of all concession goods. In addition, a cost-of-goods calculation should be performed to ascertain the reasonableness of the rates being charged in the concession area. Inventory sold should be compared to concession receipts on a regular basis to ensure reasonableness.

**Management's Response** – We did not receive a response from officials to this finding.

**CITY OF BELPRE  
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Accounting for receipts and expenditures	No	Not Corrected; Repeated as Finding 2009-001
2008-002	Monitoring of Water and Sewer Adjustments	Partially Corrected	See Management Letter.
2008-003	Pool Receipts	No	Not Corrected; Repeated as Finding 2009-002
2008-004	Cash Reconciliations	No	Not Corrected; Repeated as Finding 2009-003



**Mary Taylor, CPA**  
Auditor of State

**CITY OF BELPRE**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 18, 2011**