

CITY OF BELPRE
WASHINGTON COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the City of Belpre, Washington County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2021

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CITY OF BELPRE, OHIO

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Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Belpre's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Belpre's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Belpre's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, coronavirus relief fund and the EMS levy fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Belpre. As described in Note 3 to the financial statements, in 2020, the City of Belpre adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2021, on our consideration of the City of Belpre's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Belpre's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Belpre's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
July 9, 2021

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 2020 are as follows:

In total, assets and deferred outflows decreased \$43,958. Governmental activities decreased \$189,456 from 2019's restated amount and the business-type activities experienced an increase of \$145,498.

In total, liabilities and deferred inflows of resources decreased \$756,969. Total liabilities and deferred inflows of resources of governmental activities decreased \$491,702 from 2019's amount. Total liabilities and deferred inflows of resources of business-type activities decreased \$265,267.

In total, net position increased \$713,011. Net position of governmental activities increased \$302,246, while net position of business-type activities increased \$410,765 from 2019's net position.

Using this Annual Financial Report

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

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

Reporting the City of Belpre as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

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

Governmental Activities - Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our sewer and water activities. Effective April 1, 2011, the City began reporting sanitation services in the General Fund.

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

Reporting the City of Belpre's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 15. 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, Coronavirus Relief, EMS Levy, 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 Position and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

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

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The City of Belpre as a Whole

Recall that the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2020 compared to 2019.

(Table 1)
Net Position

	Governmental Activities 2020	Restated Governmental Activities 2019	Business Type Activities 2020	Business Type Activities 2019	Total 2020	Restated Total 2019
Assets						
Current and Other Assets	\$ 3,738,298	\$ 3,151,499	\$ 3,569,621	\$ 3,114,131	\$ 7,307,919	\$ 6,265,630
Capital Assets, Net	7,293,818	7,538,369	11,433,083	11,579,102	18,726,901	19,117,471
<i>Total Assets</i>	<u>11,032,116</u>	<u>10,689,868</u>	<u>15,002,704</u>	<u>14,693,233</u>	<u>26,034,820</u>	<u>25,383,101</u>
Deferred outflows of resources						
Pension	420,227	1,027,063	103,973	303,557	524,200	1,330,620
OPEB	255,848	180,716	73,231	37,620	329,079	218,336
<i>Total deferred outflows of resources</i>	<u>676,075</u>	<u>1,207,779</u>	<u>177,204</u>	<u>341,177</u>	<u>853,279</u>	<u>1,548,956</u>
<i>Total Assets and Deferred Outflows of Resources</i>	<u>11,708,191</u>	<u>11,897,647</u>	<u>15,179,908</u>	<u>15,034,410</u>	<u>26,888,099</u>	<u>26,932,057</u>
Liabilities						
Current and Other Liabilities	63,694	146,561	205,789	208,684	269,483	355,245
Long-term Liabilities:						
Due Within One Year	76,333	73,497	16,577	176,428	92,910	249,925
Net Pension Liability	2,705,920	3,581,796	709,003	1,021,321	3,414,923	4,603,117
Net OPEB Liability	949,272	944,358	461,441	452,692	1,410,713	1,397,050
Other Amounts	204,928	279,561	51,734	67,663	256,662	347,224
<i>Total Liabilities</i>	<u>4,000,147</u>	<u>5,025,773</u>	<u>1,444,544</u>	<u>1,926,788</u>	<u>5,444,691</u>	<u>6,952,561</u>
Deferred inflows of resources						
Property Taxes Levied for The Next Fiscal Year	658,650	635,100	-	-	658,650	635,100
Pension	510,443	128,804	170,210	23,520	680,653	152,324
OPEB	274,482	145,747	78,807	8,520	353,289	154,267
<i>Total Deferred Inflows Of Resources</i>	<u>1,443,575</u>	<u>909,651</u>	<u>249,017</u>	<u>32,040</u>	<u>1,692,592</u>	<u>941,691</u>
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>5,443,722</u>	<u>5,935,424</u>	<u>1,693,561</u>	<u>1,958,828</u>	<u>7,137,283</u>	<u>7,894,252</u>
Net Position						
Net Investment in Capital Assets	7,067,621	7,257,441	11,375,328	11,333,080	18,442,949	18,590,521
Restricted	676,771	483,612	173,475	158,501	850,246	642,113
Unrestricted (Deficit)	(1,479,923)	(1,778,830)	1,937,544	1,584,001	457,621	(194,829)
<i>Total Net Position (restated)</i>	<u>\$ 6,264,469</u>	<u>\$ 5,962,223</u>	<u>\$ 13,486,347</u>	<u>\$ 13,075,582</u>	<u>\$ 19,750,816</u>	<u>\$ 19,037,805</u>

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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

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

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

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

CITY OF BELPRE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total governmental assets and deferred outflows of resources decreased \$189,456 from 2019's restated amount. The largest decrease was in pension related deferred outflows of resources. Capital assets decreased \$244,551 as a result of depreciation expense exceeding current year additions.

Total governmental liabilities and deferred inflows of resources decreased \$491,702 from 2019's amount. The net pension liability decreased by \$875,876, and that contributed to long-term liabilities decreasing by \$942,759 overall from 2019's amount.

For business-type activities, total assets and deferred outflows of resources increased \$145,498 from 2019's amount. While current and other assets increased \$455,490, capital assets decreased by \$146,019. Total liabilities and deferred inflows of resources decreased \$265,267 from 2019's amount.

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CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The following table shows the changes in net position for 2020 and 2019.

(Table 2)
Changes in Net Position

	Governmental Activities 2020	Business- Type Activities 2020	Total 2020	Governmental Activities 2019	Business- Type Activities 2019	Total 2019
Revenues						
Program Revenues						
Charges for Services	\$ 1,387,151	\$ 2,712,655	\$ 4,099,806	\$ 1,335,644	\$ 2,769,176	\$ 4,104,820
Operating Grants, Contributions and Interest	1,341,199	-	1,341,199	705,799	-	705,799
Capital Grants and Contributions	-	-	-	-	49,669	49,669
Total Program Revenues	2,728,350	2,712,655	5,441,005	2,041,443	2,818,845	4,860,288
General Revenues						
Property Taxes	661,861	-	661,861	607,617	-	607,617
Income Tax	1,558,882	-	1,558,882	1,594,454	-	1,594,454
Franchise Tax	109,565	-	109,565	112,993	-	112,993
Grants and Entitlements	190,854	-	190,854	142,804	-	142,804
Interest	33,522	-	33,522	61,101	-	61,101
Donations	7,390	-	7,390	4,612	-	4,612
Other	82,881	50,609	133,490	73,355	67,285	140,640
Total General Revenues	2,644,955	50,609	2,695,564	2,596,936	67,285	2,664,221
Total Revenues	5,373,305	2,763,264	8,136,569	4,638,379	2,886,130	7,524,509
Program Expenses						
General Government	683,502	-	683,502	754,801	-	754,801
Security of Persons and Property:						
Police	1,461,635	-	1,461,635	571,105	-	571,105
Fire	422,173	-	422,173	315,968	-	315,968
Public Health Services	1,362,641	-	1,362,641	790,230	-	790,230
Transportation	902,779	-	902,779	957,974	-	957,974
Leisure Time Activities:						
Senior Center	46,718	-	46,718	90,982	-	90,982
Parks	127,120	-	127,120	148,956	-	148,956
Pool	33,031	-	33,031	79,272	-	79,272
Other	21,520	-	21,520	-	-	-
Interest and Fiscal Charges	9,940	-	9,940	12,956	-	12,956
Sewer	-	1,539,664	1,539,664	-	1,415,059	1,415,059
Water	-	812,835	812,835	-	842,794	842,794
Total Program Expenses	5,071,059	2,352,499	7,423,558	3,722,244	2,257,853	5,980,097
Increase (Decrease) in Net Position	302,246	410,765	713,011	916,135	628,277	1,544,412
Net Position Beginning of Year (restated)	5,962,223	13,075,582	19,037,805	N/A	12,447,305	N/A
Net Position End of Year	\$ 6,264,469	\$ 13,486,347	\$ 19,750,816	\$ 5,962,223	\$ 13,075,582	\$ 19,037,805

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 32.56 percent of all revenues in the governmental activities.

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

Income tax collections experienced a decrease of \$63,923. The City began using the Regional Income Tax (RITA) for its income tax collection effective January 1, 2012 (See Note 16.C for detail).

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 37.15% of the governmental expenses. During 2020, expenses for police and fire operations amounted to \$1,461,635 and \$422,173, respectively. These activities are, for the most part, funded by the municipal income tax. The City experienced a large increase in security of persons and property expense in 2020 due to changes in the deferred inflows and outflows of resources related to the City's prorated share of amounts from the Ohio Police & Fire Pension System. As a result, pension expense increased in 2020. 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 17.80% of the governmental expenses. The expenses were related to street maintenance, paving, and patching as well as street lighting.

Business-Type Activities

The City's business-type activities provide water and sewer services. Effective April 1, 2011, the City began reporting the revenues and expenses associated with sanitation services in the General Fund. 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. In July 2010, contracts were signed, commercial billing was audited, and correct rates were put into place. During 2020, program expenses for all water and sewer operations were exceeded by revenues by \$360,156.

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 \$5,349,623 and expenditures of \$4,726,533. Revenues increased \$784,496 and expenditures increased \$531,555 compared to the prior year.

The fund balance of the General Fund increased \$368,623. Revenues decreased \$36,153 from 2019 levels mainly due to a decrease in income taxes of \$129,400 and an increase in charges for services revenues of \$89,119. Expenditures decreased by \$139,274 mainly due to a decrease in capital outlay expenditures of \$97,594.

The fund balance of the Coronavirus Relief Fund increased \$204,483 as it was established during 2020.

The fund balance of the EMS Levy Fund decreased \$60,597. Revenues increased \$8,489 from 2019 levels, and expenditures increased by \$135,096.

During 2020, the Sewer Fund had operating revenues of \$1,679,726 (\$1,712,651 in 2019) and operating expenses of \$1,537,720 (\$1,407,810 in 2019). The Water Fund had operating revenues of \$1,083,538 (\$1,123,810 in 2019) and operating expenses of \$812,764 (\$842,533 in 2019).

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.

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

During the course of 2020, the City's Original and Final Estimated Revenues and Other Financing Sources were \$3,368,943 and \$3,284,053, respectively. Appropriations were decreased \$200,219. 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 \$797,278, which is \$328,736 more than the final budgeted amount. The City received \$283,912 more in revenues and other financing sources than anticipated partly explained by an increase in income taxes and charges for services. The City also cut actual expenditures by \$44,824, reducing amounts primarily in general government, police, and fire expenditures.

Capital Assets and Debt Administration

(Table 3)

Capital Assets at December 31, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,727,575	\$ 2,727,575	\$ 242,194	\$ 242,194	\$ 2,969,769	\$ 2,969,769
Construction in Progress	37,859	-	-	-	37,859	-
Buildings and Improvements	2,369,548	2,458,242	126,110	141,149	2,495,658	2,599,391
Machinery and Equipment	214,599	171,274	543,183	577,544	757,782	748,818
Vehicles	662,091	797,648	246,498	66,315	908,589	863,963
Infrastructure:						
City Streets	1,156,414	1,250,238	-	-	1,156,414	1,250,238
Street Signals	125,732	133,392	-	-	125,732	133,392
Sewer System	-	-	4,981,963	5,438,819	4,981,963	5,438,819
Water System	-	-	5,293,135	5,113,081	5,293,135	5,113,081
Totals	\$ 7,293,818	\$ 7,538,369	\$ 11,433,083	\$ 11,579,102	\$ 18,726,901	\$ 19,117,471

The capital assets of the City are reported at historical cost, net of depreciation. The City's major additions were for machinery and equipment in 2020. For governmental activities, the machinery and equipment additions consist primarily of a tractor, resuscitation system, and a Jaws of Life Kit. The business-type vehicle purchases consisted of a Ford F350, Ford F550, and Sierra 2500 for the Water Fund.

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

The following table shows the outstanding debt obligations as of December 31, 2020 and 2019.

CITY OF BELPRE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

(Table 4)

Outstanding Debt at December 31, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
OPWC Loans	\$ -	\$ -	\$ 57,755	\$ 65,841	\$ 57,755	\$ 65,841
OWDA Loan	-	-	-	83,387	-	83,387
Generator Loan	-	-	-	84,955	-	84,955
Fire Truck Loan	208,117	280,928	-	-	208,117	280,928
Police Pension Liability	13,980	14,666	-	-	13,980	14,666
Totals	\$ 222,097	\$ 295,594	\$ 57,755	\$ 234,183	\$ 279,852	\$ 529,777

The City had no bond issues outstanding but had a police pension liability, and various loans payable at December 31, 2020, totaling \$279,852, of which \$92,910 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 long-term loan outstanding for a fire truck.

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

Current Financial Related Activities

The City of Belpre took a hit like every other community in Ohio and our local area when businesses closed for the safety of their employees beginning March of 2020. Income tax revenue was projected to be \$200,000 less than the previous year and other revenue streams were directly affected by the shutdown due to the Coronavirus.

The Marietta/Belpre health department was combined in 2019 and due to COVID-19 concerns was not active in the Belpre area most of 2020. 2021 began with COVID-19 shot clinics being held in Belpre and those were well received but due to supply were soon stopped in Belpre because of the lack of shots available. The M/B Health department continues to offer limited services in our area.

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

The Belpre Area Chamber of Commerce Economic Development committee is working hard to attract business to our community and will be assisting the city with a comprehensive development plan. The city has contracted this important work with Burton Planning Services located in Westerville, OH. This work was ongoing in 2020 with a projected roll-out of the report in the summer of 2021.

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

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

CITY OF BELPRE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents . . .	\$ 1,766,722	\$ 3,280,945	\$ 5,047,667
Cash and cash equivalents in segregated accounts	3,456	-	3,456
Cash with fiscal and escrow agents	313,087	-	313,087
Receivables:			
Income taxes.	524,274	-	524,274
Property taxes	677,308	-	677,308
Accounts.	132,142	278,751	410,893
Intergovernmental	270,787	-	270,787
Materials and supplies inventory.	32,377	4,627	37,004
Prepayments	18,145	5,298	23,443
Capital assets:			
Non-depreciable capital assets	2,765,434	242,194	3,007,628
Depreciable capital assets, net	4,528,384	11,190,889	15,719,273
Total capital assets, net.	7,293,818	11,433,083	18,726,901
Total assets.	11,032,116	15,002,704	26,034,820
Deferred outflows of resources:			
Pension	420,227	103,973	524,200
OPEB.	255,848	73,231	329,079
Total deferred outflows of resources	676,075	177,204	853,279
Liabilities:			
Accounts payable.	9,024	16,796	25,820
Contracts payable.	18,080	-	18,080
Accrued wages and benefits payable	16,199	7,299	23,498
Intergovernmental payable	4,048	3,860	7,908
Unearned revenue	328	-	328
Accrued interest payable	-	496	496
Vacation benefits payable.	16,015	3,863	19,878
Customer deposits payable	-	173,475	173,475
Long-term liabilities:			
Due within one year	76,333	16,577	92,910
Due in more than one year:			
Net pension liability	2,705,920	709,003	3,414,923
Net OPEB liability	949,272	461,441	1,410,713
Other amounts due in more than one year.	204,928	51,734	256,662
Total liabilities	4,000,147	1,444,544	5,444,691
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	658,650	-	658,650
Pension	510,443	170,210	680,653
OPEB.	274,482	78,807	353,289
Total deferred inflows of resources	1,443,575	249,017	1,692,592
Net position:			
Net investment in capital assets.	7,067,621	11,375,328	18,442,949
Restricted for:			
Capital projects	4,881	-	4,881
Street improvements	353,624	-	353,624
Community development programs	31,878	-	31,878
Law enforcement	24,284	-	24,284
Parks and recreation	9,868	-	9,868
Mayor's court.	29,824	-	29,824
Unclaimed monies	8,018	-	8,018
Other purposes	304,394	173,475	477,869
Unrestricted (deficit)	(1,569,923)	1,937,544	367,621
Total net position	\$ 6,264,469	\$ 13,486,347	\$ 19,750,816

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government.	\$ 683,502	\$ 217,070	\$ 3,851
Security of persons and property			
Police.	1,461,635	81,064	50
Fire	422,173	60,040	13,600
Public health and welfare	1,362,641	997,893	638,067
Transportation.	902,779	31,084	685,631
Leisure time activities:			
Senior center	46,718	-	-
Parks	127,120	-	-
Pool	33,031	-	-
Other	21,520	-	-
Interest and fiscal charges	9,940	-	-
Total governmental activities.	<u>5,071,059</u>	<u>1,387,151</u>	<u>1,341,199</u>
Business-type activities:			
Sewer.	1,539,664	1,669,239	-
Water.	812,835	1,043,416	-
Total business-type activities	<u>2,352,499</u>	<u>2,712,655</u>	<u>-</u>
Total primary government.	<u>\$ 7,423,558</u>	<u>\$ 4,099,806</u>	<u>\$ 1,341,199</u>

General revenues:

- Property taxes levied for general purposes . .
- Income taxes levied for general purposes. . .
- Franchise tax
- Grants and entitlements not restricted
to specific programs
- Investment earnings
- Donations
- Miscellaneous
- Total general revenues
- Change in net position
- Net position at beginning of year (restated) .**
- Net position at end of year.**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (462,581)	\$ -	\$ (462,581)
(1,380,521)	-	(1,380,521)
(348,533)	-	(348,533)
273,319	-	273,319
(186,064)	-	(186,064)
(46,718)	-	(46,718)
(127,120)	-	(127,120)
(33,031)	-	(33,031)
(21,520)	-	(21,520)
(9,940)	-	(9,940)
<u>(2,342,709)</u>	<u>-</u>	<u>(2,342,709)</u>
-	129,575	129,575
-	230,581	230,581
-	360,156	360,156
<u>(2,342,709)</u>	<u>360,156</u>	<u>(1,982,553)</u>
661,861	-	661,861
1,558,882	-	1,558,882
109,565	-	109,565
190,854	-	190,854
33,522	-	33,522
7,390	-	7,390
82,881	50,609	133,490
<u>2,644,955</u>	<u>50,609</u>	<u>2,695,564</u>
302,246	410,765	713,011
<u>5,962,223</u>	<u>13,075,582</u>	<u>19,037,805</u>
<u>\$ 6,264,469</u>	<u>\$ 13,486,347</u>	<u>\$ 19,750,816</u>

CITY OF BELPRE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Coronavirus Relief	EMS Levy	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents . . .	\$ 1,231,722	\$ 223,563	\$ 80,143	\$ 223,276	\$ 1,758,704
Cash and cash equivalents in segregated accounts.	3,149	-	-	307	3,456
Cash with fiscal and escrow agents.	-	-	-	313,087	313,087
Receivables:					
Income taxes.	524,274	-	-	-	524,274
Property taxes	456,506	-	220,802	-	677,308
Accounts.	132,142	-	-	-	132,142
Intergovernmental	59,440	-	3,000	208,347	270,787
Due from other funds	1,568	-	-	-	1,568
Materials and supplies inventory.	4,627	-	-	27,750	32,377
Prepayments	14,629	-	-	3,516	18,145
Restricted assets:					
Equity in pooled cash and cash equivalents . . .	8,018	-	-	-	8,018
Total assets	\$ 2,436,075	\$ 223,563	\$ 303,945	\$ 776,283	\$ 3,739,866
Liabilities:					
Accounts payable.	\$ 3,679	\$ 1,000	\$ -	\$ 4,345	\$ 9,024
Contracts payable.	-	18,080	-	-	18,080
Accrued wages and benefits payable	13,788	-	-	2,411	16,199
Due to other funds	-	-	-	1,568	1,568
Intergovernmental payable	3,675	-	-	373	4,048
Unearned revenue	328	-	-	-	328
Total liabilities	21,470	19,080	-	8,697	49,247
Deferred inflows of resources:					
Property taxes levied for the next fiscal year. . .	443,900	-	214,750	-	658,650
Delinquent property tax revenue not available. .	12,606	-	6,052	-	18,658
Miscellaneous revenue not available.	1,437	-	-	-	1,437
Income tax revenue not available	344,054	-	-	-	344,054
Other nonexchange transactions.	34,262	-	3,000	135,396	172,658
Total deferred inflows of resources	836,259	-	223,802	135,396	1,195,457
Fund balances:					
Nonspendable	19,256	-	-	31,266	50,522
Restricted.	8,018	204,483	80,143	602,434	895,078
Assigned	89,704	-	-	-	89,704
Unassigned (deficit)	1,461,368	-	-	(1,510)	1,459,858
Total fund balances.	1,578,346	204,483	80,143	632,190	2,495,162
Total liabilities, deferred inflows of resources and fund balances.	\$ 2,436,075	\$ 223,563	\$ 303,945	\$ 776,283	\$ 3,739,866

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Total governmental fund balances		\$	2,495,162
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			7,293,818
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	344,054	
Real and other taxes receivable		18,658	
Accounts receivable		1,437	
Intergovernmental receivable		172,658	
Total		536,807	536,807
Vacation is accrued on the statement of net position, whereas in the funds, vacation leave expenditures are reported when taken.			(16,015)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		420,227	
Deferred inflows of resources		(510,443)	
Net pension liability		(2,705,920)	
Total		(2,796,136)	(2,796,136)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		255,848	
Deferred inflows of resources		(274,482)	
Net OPEB liability		(949,272)	
Total		(967,906)	(967,906)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(59,164)	
Police pension liability		(13,980)	
Loans payable		(208,117)	
Total		(281,261)	(281,261)
Net position of governmental activities		\$	6,264,469

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, 2020

	General	Coronavirus Relief	EMS Levy	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income taxes	\$ 1,597,068	\$ -	\$ -	\$ -	\$ 1,597,068
Property and other taxes.	445,203	-	210,380	-	655,583
Charges for services.	1,270,993	-	-	-	1,270,993
Licenses and permits	112,456	-	-	-	112,456
Fines and forfeitures	66,557	-	-	6,696	73,253
Intergovernmental.	195,927	638,067	15,600	627,102	1,476,696
Investment income.	28,119	1,284	884	3,235	33,522
Rental income.	830	-	-	-	830
Contributions and donations.	7,390	-	-	-	7,390
Other	60,531	-	-	61,301	121,832
Total revenues	3,785,074	639,351	226,864	698,334	5,349,623
Expenditures:					
Current:					
General government	635,200	-	-	-	635,200
Security of persons and property:					
Police.	1,315,222	-	-	16,531	1,331,753
Fire	176,921	-	205,329	-	382,250
Public health and welfare.	963,980	434,868	-	-	1,398,848
Transportation	82,268	-	-	549,133	631,401
Leisure time activities:					
Senior center	55,155	-	-	-	55,155
Parks	92,036	-	-	-	92,036
Pool.	-	-	-	10,569	10,569
Other	-	-	-	21,520	21,520
Capital outlay	84,364	-	-	-	84,364
Debt service:					
Principal retirement.	686	-	72,811	-	73,497
Interest and fiscal charges	619	-	9,321	-	9,940
Total expenditures	3,406,451	434,868	287,461	597,753	4,726,533
Excess (deficiency) of revenues over (under) expenditures.	378,623	204,483	(60,597)	100,581	623,090
Other financing sources (uses):					
Transfers in	-	-	-	10,000	10,000
Transfers (out).	(10,000)	-	-	-	(10,000)
Total other financing sources (uses)	(10,000)	-	-	10,000	-
Net change in fund balances	368,623	204,483	(60,597)	110,581	623,090
Fund balances at beginning of year (restated)	1,209,723	-	140,740	521,609	1,872,072
Fund balances at end of year	\$ 1,578,346	\$ 204,483	\$ 80,143	\$ 632,190	\$ 2,495,162

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, 2020

Net change in fund balances - total governmental funds	\$	623,090
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 158,989	
Current year depreciation	<u>(403,540)</u>	
Total		(244,551)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(38,186)	
Property taxes	6,278	
Accounts	233	
Intergovernmental revenues	<u>55,357</u>	
Total		23,682
 Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		73,497
 Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	215,347	
OPEB	<u>2,978</u>	
Total		218,325
 Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(327,946)	
OPEB	<u>(61,495)</u>	
		(389,441)
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(2,356)</u>
Change in net position of governmental activities	\$	<u><u>302,246</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,394,360	\$ 1,242,000	\$ 1,335,010	\$ 93,010
Real and other taxes.	397,904	411,500	445,203	33,703
Charges for services.	1,075,502	1,112,250	1,256,284	144,034
Fees, licenses and permits.	116,035	120,000	113,342	(6,658)
Fines and forfeitures	86,060	89,000	68,715	(20,285)
Intergovernmental.	143,086	147,975	162,908	14,933
Investment income.	40,612	42,000	28,119	(13,881)
Rental income	7,736	8,000	830	(7,170)
Contributions and donations.	2,901	3,000	7,390	4,390
Other	103,298	16,828	55,158	38,330
Total revenues	<u>3,367,494</u>	<u>3,192,553</u>	<u>3,472,959</u>	<u>280,406</u>
Expenditures:				
Current:				
General government	702,141	664,856	621,442	43,414
Security of persons and property:				
Police	1,487,352	1,433,687	1,380,129	53,558
Fire	223,883	203,547	177,762	25,785
Public health and welfare.	893,176	851,942	963,970	(112,028)
Transportation	94,356	90,000	89,639	361
Leisure time activities:				
Senior center.	81,805	71,028	55,686	15,342
Parks	116,224	113,858	94,161	19,697
Debt service:				
Principal retirement.	-	-	686	(686)
Interest and fiscal charges	-	-	619	(619)
Total expenditures	<u>3,598,937</u>	<u>3,428,918</u>	<u>3,384,094</u>	<u>44,824</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>(231,443)</u>	<u>(236,365)</u>	<u>88,865</u>	<u>325,230</u>
Other financing sources (uses):				
Sale of assets	1,449	1,500	5,006	3,506
Transfers out	(40,200)	(10,000)	(10,000)	-
Advance in	-	90,000	90,000	-
Total other financing sources (uses)	<u>(38,751)</u>	<u>81,500</u>	<u>85,006</u>	<u>3,506</u>
Net change in fund balances	(270,194)	(154,865)	173,871	328,736
Fund balance at beginning of year.	<u>623,407</u>	<u>623,407</u>	<u>623,407</u>	<u>-</u>
Fund balance at end of year	<u>\$ 353,213</u>	<u>\$ 468,542</u>	<u>\$ 797,278</u>	<u>\$ 328,736</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 CORONAVIRUS RELIEF FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ -	\$ 426,154	\$ 638,067	\$ 211,913
Investment income.	-	-	1,284	1,284
Total revenues	<u>-</u>	<u>426,154</u>	<u>639,351</u>	<u>213,197</u>
Expenditures:				
Current:				
Public health and welfare.	-	426,154	415,788	10,366
Total expenditures	<u>-</u>	<u>426,154</u>	<u>415,788</u>	<u>10,366</u>
Net change in fund balances	-	-	223,563	223,563
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,563</u>	<u>\$ 223,563</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 EMS LEVY
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes.	\$ 211,000	\$ 211,000	\$ 210,380	(620)
Intergovernmental.	10,000	10,000	15,600	\$ 5,600
Investment income.	1,200	1,200	884	(316)
Total revenues	<u>222,200</u>	<u>222,200</u>	<u>226,864</u>	<u>4,664</u>
Expenditures:				
Current:				
Security of persons and property - fire . .	47,191	210,600	205,329	5,271
Debt service:				
Principal retirement.	72,811	72,811	72,811	-
Interest and fiscal charges	9,321	9,321	9,321	-
Total expenditures	<u>129,323</u>	<u>292,732</u>	<u>287,461</u>	<u>5,271</u>
Net change in fund balances	92,877	(70,532)	(60,597)	9,935
Fund balance at beginning of year.	140,740	140,740	140,740	-
Fund balance at end of year	<u>\$ 233,617</u>	<u>\$ 70,208</u>	<u>\$ 80,143</u>	<u>\$ 9,935</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor Enterprise	Total
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents . . .	\$ 1,342,895	\$ 1,321,717	\$ 442,858	\$ 3,107,470
Receivables:				
Accounts	184,253	94,498	-	278,751
Materials and supplies inventory	2,477	2,150	-	4,627
Prepayments	2,649	2,649	-	5,298
Restricted assets:				
Customer deposits - cash	-	173,475	-	173,475
Total current assets	<u>1,532,274</u>	<u>1,594,489</u>	<u>442,858</u>	<u>3,569,621</u>
Noncurrent assets:				
Capital assets:				
Non-depreciable capital assets	70,215	171,979	-	242,194
Depreciable capital assets, net	5,685,743	5,505,146	-	11,190,889
Total noncurrent assets	<u>5,755,958</u>	<u>5,677,125</u>	<u>-</u>	<u>11,433,083</u>
Total assets	<u>7,288,232</u>	<u>7,271,614</u>	<u>442,858</u>	<u>15,002,704</u>
Deferred outflows of resources:				
Pension	78,560	25,413	-	103,973
OPEB	55,197	18,034	-	73,231
Total deferred outflows of resources	<u>133,757</u>	<u>43,447</u>	<u>-</u>	<u>177,204</u>
Liabilities:				
Current liabilities:				
Accounts payable	14,431	2,365	-	16,796
Accrued wages and benefits payable	6,022	1,277	-	7,299
Intergovernmental payable	3,530	330	-	3,860
Accrued interest payable	424	72	-	496
Vacation benefits payable	3,215	648	-	3,863
OPWC loans payable	11,819	4,758	-	16,577
Customer deposits payable from restricted assets	-	173,475	-	173,475
Total current liabilities	<u>39,441</u>	<u>182,925</u>	<u>-</u>	<u>222,366</u>
Long-term liabilities:				
Compensated absences payable	7,834	2,722	-	10,556
OPWC loans payable	36,419	4,759	-	41,178
Net pension liability	535,706	173,297	-	709,003
Net OPEB liability	348,654	112,787	-	461,441
Total long-term liabilities	<u>928,613</u>	<u>293,565</u>	<u>-</u>	<u>1,222,178</u>
Total liabilities	<u>968,054</u>	<u>476,490</u>	<u>-</u>	<u>1,444,544</u>
Deferred inflows of resources:				
Pension	130,648	39,562	-	170,210
OPEB	60,747	18,060	-	78,807
Total deferred inflows of resources	<u>191,395</u>	<u>57,622</u>	<u>-</u>	<u>249,017</u>
Total liabilities and deferred inflows of resources.	<u>1,159,449</u>	<u>534,112</u>	<u>-</u>	<u>1,693,561</u>
Net position:				
Net investment in capital assets	5,707,720	5,667,608	-	11,375,328
Restricted for other purposes	-	173,475	-	173,475
Unrestricted	554,820	939,866	442,858	1,937,544
Total net position	<u>\$ 6,262,540</u>	<u>\$ 6,780,949</u>	<u>\$ 442,858</u>	<u>\$ 13,486,347</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			
	<u>Sewer</u>	<u>Water</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 1,669,239	\$ 1,043,416	-	2,712,655
Other operating revenues	10,487	40,122	-	50,609
Total operating revenues.	<u>1,679,726</u>	<u>1,083,538</u>	<u>-</u>	<u>2,763,264</u>
Operating expenses:				
Personal services	547,538	180,629	-	728,167
Contract services.	570,616	408,894	-	979,510
Materials and supplies.	190,270	1,787	-	192,057
Depreciation.	221,444	187,825	-	409,269
Other	7,852	33,629	-	41,481
Total operating expenses.	<u>1,537,720</u>	<u>812,764</u>	<u>-</u>	<u>2,350,484</u>
Operating income	<u>142,006</u>	<u>270,774</u>	<u>-</u>	<u>412,780</u>
Nonoperating expenses:				
Interest and fiscal charges	(1,944)	(71)	-	(2,015)
Total nonoperating revenues	<u>(1,944)</u>	<u>(71)</u>	<u>-</u>	<u>(2,015)</u>
Change in net position	140,062	270,703	-	410,765
Net position at beginning of year	<u>6,122,478</u>	<u>6,510,246</u>	<u>442,858</u>	<u>13,075,582</u>
Net position at end of year	<u>\$ 6,262,540</u>	<u>\$ 6,780,949</u>	<u>\$ 442,858</u>	<u>\$ 13,486,347</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Water	Nonmajor Enterprise	Total
Cash flows from operating activities:				
Cash received from customers.	\$ 1,653,321	\$ 1,018,348	\$ -	\$ 2,671,669
Cash received from other operations.	10,487	40,058	-	50,545
Cash payments for personal services.	(513,613)	(156,491)	-	(670,104)
Cash payments for contractual services	(560,146)	(408,940)	-	(969,086)
Cash payments for materials and supplies	(185,038)	-	-	(185,038)
Cash payments for other expenses	(7,852)	(18,655)	-	(26,507)
Net cash provided by operating activities	<u>397,159</u>	<u>474,320</u>	<u>-</u>	<u>871,479</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(263,250)	-	(263,250)
Loan proceeds	86	-	-	86
Principal retirement on OPWC loans	(5,764)	(2,322)	-	(8,086)
Principal retirement on OWDA loan	(83,473)	-	-	(83,473)
Principal retirement on other loans	(84,955)	-	-	(84,955)
Interest and fiscal charges	(2,470)	(117)	-	(2,587)
Net cash used in capital and related financing activities.	<u>(176,576)</u>	<u>(265,689)</u>	<u>-</u>	<u>(442,265)</u>
Net increase in cash and cash equivalents	220,583	208,631	-	429,214
Cash and cash equivalents at beginning of year	1,122,312	1,286,561	442,858	2,851,731
Cash and cash equivalents at end of year	<u>\$ 1,342,895</u>	<u>\$ 1,495,192</u>	<u>\$ 442,858</u>	<u>\$ 3,280,945</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 142,006	\$ 270,774	\$ -	\$ 412,780
Adjustments:				
Depreciation.	221,444	187,825	-	409,269
Changes in assets, deferred outflows of resources, liabilities and deferred outflows of resources:				
Materials and supplies inventory	5,232	1,787	-	7,019
Accounts receivable.	(15,918)	(25,132)	-	(41,050)
Prepayments	7,377	378	-	7,755
Deferred outflows - pension	149,381	50,203	-	199,584
Deferred outflows - OPEB.	(28,264)	(7,347)	-	(35,611)
Accounts payable	3,442	(598)	-	2,844
Accrued wages and benefits	(13,557)	(1,821)	-	(15,378)
Intergovernmental payable.	(3,060)	(388)	-	(3,448)
Compensated absences payable	632	16	-	648
Vacation benefits payable	(1,416)	101	-	(1,315)
Customer deposits	-	14,974	-	14,974
Net pension liability.	(239,135)	(73,183)	-	(312,318)
Net OPEB liability.	5,212	3,537	-	8,749
Deferred inflows - pension.	110,755	35,935	-	146,690
Deferred inflows - OPEB.	53,028	17,259	-	70,287
Net cash provided by operating activities	<u>\$ 397,159</u>	<u>\$ 474,320</u>	<u>\$ -</u>	<u>\$ 871,479</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2020

	<u>Custodial</u>
Assets:	
Cash and cash equivalents in segregated accounts	\$ 4,990
Total assets	<u>4,990</u>
Net position:	
Restricted for other governments	<u>4,990</u>
Total net position	<u>\$ 4,990</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELPRE, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Custodial</u>
Additions:	
Fines and forfeitures collected for other governments	\$ 23,737
Total additions	<u>23,737</u>
Deductions:	
Fines and forfeitures distributed to other governments	<u>23,976</u>
Total deductions.	<u>23,976</u>
Change in net position	(239)
Net position at beginning of year (restated).	<u>5,229</u>
Net position at end of year	<u>\$ 4,990</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

Reporting Entity

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. 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, Wirt Planning Commission and the Regional Income Tax Agency, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 16.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

B. Fund Accounting

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

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

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

Coronavirus Relief Fund - The Coronavirus Relief Fund is used to account for proceeds of grants received to mitigate the impact of the COVID-19 Pandemic.

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

C. Measurement Focus

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

D. Basis of Accounting

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

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

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

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

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

E. Budget Process

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

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

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

F. Cash and Cash Equivalents

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

At year-end, the City had \$313,087 on deposit with the Washington County Treasurer for permissive funds collected, but not distributed yet to the City. The data regarding insurance and collateralization can be obtained from the Washington County Comprehensive Annual Financial Report for the year ended December 31, 2020. This amount is not included in the City's depository balance.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

During 2020, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by provisions of the Ohio Revised Code. Following the Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the General Fund and Street, EMS Levy, Coronavirus Relief and State Highway Special Revenue Funds. Interest revenue credited to the General Fund during 2020 amounted to \$28,119, which includes \$22,883 assigned from other City funds.

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

G. Inventory

Inventories of all funds are stated at cost which is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditures in the governmental fund types and as expenses in the proprietary fund type.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, 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 set aside for repayment of deposits to utility customers. Unclaimed monies that are required to be held for five years before they may be utilized by the City are reported as restricted in the General Fund.

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 position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City’s infrastructure consists of City streets, street signs, traffic signals, 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:

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.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

M. Fund Balance

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

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

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

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

N. Net Position

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

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

Contributions of capital in the governmental activities and the proprietary fund financial statements can arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. The City had none in 2020.

Q. Internal Activity

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

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

R. Estimates

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value Measurements

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

U. Interfund Balances

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2020, the City has implemented GASB Statement No. 83, “Certain Asset Retirement Obligations”, GASB Statement No. 84, “Fiduciary Activities”, GASB Statement No. 88, “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements”, and GASB Statement No. 90, “Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61.”

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the City’s financial statements.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

For 2020, the City has applied GASB Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*” to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

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

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

B. Restatement of Net Position and Fund Balances

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at December 31, 2019:

	<u>General</u>	<u>Coronavirus Relief</u>	<u>EMS Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance as previously reported	\$ 1,209,723	\$ -	\$ 140,740	\$ 510,909	\$ 1,861,372
GASB Statement No. 84	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,700</u>	<u>10,700</u>
Restated fund balance, at December 31, 2019	<u>\$ 1,209,723</u>	<u>\$ -</u>	<u>\$ 140,740</u>	<u>\$ 521,609</u>	<u>\$ 1,872,072</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of GASB Statement No. 84 had the following effect on the net position as reported at December 31, 2019:

	Governmental Activities	Business-type Activities
Net position as previously reported	\$ 5,951,523	\$ 13,075,582
GASB Statement No. 84	10,700	-
Restated net position at December 31, 2019	\$ 5,962,223	\$ 13,075,582

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$5,229. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2019, agency funds reported assets and liabilities of \$15,929.

C. Deficit Fund Balances

Fund balances at December 31, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Mayor's Court Computerization	\$ 16
Swimming Pool	322

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General Fund, Coronavirus Relief Fund and EMS Levy 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for the General Fund, Coronavirus Relief Fund, and EMS Levy Fund:

Net Change in Fund Balance

	General Fund	Coronavirus Relief Fund	EMS Levy Fund
Budget basis	\$ 173,871	\$ 223,563	\$ (60,597)
Net adjustment for revenue accruals	312,115	-	-
Net adjustment for expenditure accruals	(188,360)	(19,080)	-
Net adjustment for other financing sources/(uses)	(95,006)	-	-
Net adjustment for fund reclassification	166,003	-	-
GAAP basis	<u>\$ 368,623</u>	<u>\$ 204,483</u>	<u>\$ (60,597)</u>

Certain funds that are legally budgeted in separate special revenue and capital projects funds are considered part of the general fund on a GAAP basis.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Coronavirus Relief	EMS Levy	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 4,627	\$ -	\$ -	\$ 27,750	\$ 32,377
Prepays	14,629	-	-	3,516	18,145
Total nonspendable	19,256	-	-	31,266	50,522
Restricted:					
Street improvements	-	-	-	490,983	490,983
Community development	-	-	-	31,878	31,878
Law enforcement	-	-	-	24,284	24,284
Pool improvements	-	-	-	676	676
Parks and recreation	-	-	-	9,868	9,868
Mayor's Court	-	-	-	29,840	29,840
Unclaimed monies	8,018	-	-	-	8,018
EMS Services	-	-	80,143	-	80,143
Deposits held	-	-	-	10,700	10,700
Coronavirus Relief	-	204,483	-	-	204,483
Issue II improvements	-	-	-	4,205	4,205
Total restricted	8,018	204,483	80,143	602,434	895,078
Assigned:					
Subsequent year appropriations	89,704	-	-	-	89,704
Total assigned	89,704	-	-	-	89,704
Unassigned (deficit)	1,461,368	-	-	(1,510)	1,459,858
Total fund balances	\$ 1,578,346	\$ 204,483	\$ 80,143	\$ 632,190	\$ 2,495,162

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.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all City deposits was \$4,930,837 and the bank balance of all City deposits was \$5,294,362. Of the bank balance, \$812,697 was covered by the FDIC and \$4,481,665 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

B. Investments

As of December 31, 2020, the City had the following investments:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturity 6 months or less</u>	<u>% of Total</u>
<i>Amortized cost:</i>			
STAR Ohio	\$ 125,276	\$ 125,276	100%

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - INTERFUND ACTIVITY

A. Interfund Transfers

Interfund transfers during 2020 consisted of the following:

Transfers to	Transfers from General
Nonmajor governmental funds	\$ 10,000

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 transfer from the General Fund to the Swimming Pool Fund (a nonmajor special revenue fund) was made to supplement any revenue shortfalls.

B. Due to/from other funds

Interfund balances at December 31, 2020 as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 1,568

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were not received by December 31. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements. Interfund balances between governmental funds and business-type activities are reported as an internal balance on the government-wide statement of net position.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2020, consisted of municipal income tax, property taxes, accounts (billings for user charged services including unbilled utility services), and intergovernmental receivables arising from entitlements and shared revenues. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables, except property and income taxes, are expected to be received within one year. Property and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 – RECEIVABLES - (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Belpre. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes has been offset by deferred inflows of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is reported as a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2020 was \$5.15 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2020 property tax receipts were based are as follows:

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

B. Income Taxes

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

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

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	<u>Amounts</u>
Local Government	\$ 49,690
Gasoline and Excise Tax	188,327
Motor Vehicle License Tax	16,305
Rollback and Homestead	12,750
Vehicle Registration	<u>3,715</u>
	<u><u>\$270,787</u></u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

Governmental Activities:	Balance 12/31/19	Increases	Decreases	Balance 12/31/20
Capital Assets not being Depreciated:				
Land	\$ 2,727,575	\$ -	\$ -	\$ 2,727,575
Construction in Progress	-	37,859	-	37,859
Total Capital Assets not being Depreciated	<u>2,727,575</u>	<u>37,859</u>	<u>-</u>	<u>2,765,434</u>
Capital Assets being Depreciated:				
Buildings and Improvements	4,949,902	16,700	-	4,966,602
Machinery and Equipment	1,310,650	104,430	-	1,415,080
Vehicles	3,010,198	-	-	3,010,198
City Streets	21,396,122	-	-	21,396,122
Street Signals	698,289	-	-	698,289
Total Capital Assets being Depreciated	<u>31,365,161</u>	<u>121,130</u>	<u>-</u>	<u>31,486,291</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,491,660)	(105,394)	-	(2,597,054)
Machinery and Equipment	(1,139,376)	(61,105)	-	(1,200,481)
Vehicles	(2,212,550)	(135,557)	-	(2,348,107)
City Streets	(20,145,884)	(93,824)	-	(20,239,708)
Street Signals	(564,897)	(7,660)	-	(572,557)
Total Accumulated Depreciation	<u>(26,554,367)</u>	<u>(403,540)</u>	<u>-</u>	<u>(26,957,907)</u>
Total Capital Assets being Depreciated, Net	<u>4,810,794</u>	<u>(282,410)</u>	<u>-</u>	<u>4,528,384</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,538,369</u>	<u>\$ (244,551)</u>	<u>\$ -</u>	<u>\$ 7,293,818</u>

Depreciation expense was charged to governmental programs as follows:

General Government	\$24,855
Security of Persons and Property:	
Police	53,565
Fire	86,513
Transportation	171,737
Leisure Time Activities:	
Senior Center	12,338
Parks	32,070
Pool	22,462
Total Depreciation Expense	<u>\$403,540</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - CAPITAL ASSETS - (Continued)

Business-type activity for the year ended December 31, 2020, was as follows:

Business-Type Activities:	Balance 12/31/19	Increases	Decreases	Balance 12/31/20
Capital Assets not being Depreciated:				
Land	\$ 242,194	\$ -	\$ -	\$ 242,194
Total Capital Assets not being Depreciated	<u>242,194</u>	<u>-</u>	<u>-</u>	<u>242,194</u>
Capital Assets being Depreciated:				
Buildings and Improvements	766,659	-	-	766,659
Machinery and Equipment	2,123,530	70,462	-	2,193,992
Vehicles	189,771	192,788	-	382,559
Infrastructure	16,839,811	-	-	16,839,811
Total Capital Assets being Depreciated	<u>19,919,771</u>	<u>263,250</u>	<u>-</u>	<u>20,183,021</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(625,510)	(15,039)	-	(640,549)
Machinery and Equipment	(1,545,986)	(104,823)	-	(1,650,809)
Vehicles	(123,456)	(12,605)	-	(136,061)
Infrastructure	(6,287,911)	(276,802)	-	(6,564,713)
Total Accumulated Depreciation	<u>(8,582,863)</u>	<u>(409,269)</u>	<u>-</u>	<u>(8,992,132)</u>
Total Capital Assets being Depreciated, Net	<u>11,336,908</u>	<u>(146,019)</u>	<u>-</u>	<u>11,190,889</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,579,102</u>	<u>\$ (146,019)</u>	<u>\$ -</u>	<u>\$ 11,433,083</u>

Depreciation expense was charged to the business-type activities as follows:

Sewer	\$ 221,444
Water	<u>187,825</u>
Total depreciation expense - business-type activities:	<u>\$ 409,269</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS

A schedule of changes in long-term obligations for the governmental activities of the City during 2020 follows.

	Balance 12/31/19	Additions	Retirements	Balance 12/31/20	Amounts Due in One Year
Governmental Activities:					
Fire Truck Loan (direct borrowing)	\$ 280,928	\$ -	\$ (72,811)	\$ 208,117	\$ 75,618
Police Pension	14,666	-	(686)	13,980	715
Net Pension Liability	3,581,796	-	(875,876)	2,705,920	-
Net OPEB Liability	944,358	19,729	(14,815)	949,272	-
Compensated Absences	57,464	59,164	(57,464)	59,164	-
Total Governmental Activities	\$ 4,879,212	\$ 78,893	\$ (1,021,652)	\$ 3,936,453	\$ 76,333

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

	Balance 12/31/19	Additions	Retirements	Balance 12/31/20	Amounts Due in One Year
Business-Type Activities:					
OPWC Loans (direct borrowing):					
Water Well - 2%	\$ 11,839	\$ -	\$ (2,322)	\$ 9,517	\$ 4,758
Wastewater Treatment Plant - 2%	54,002	-	(5,764)	48,238	11,819
Total OPWC Loans	65,841	-	(8,086)	57,755	16,577
OWDA Loan - Rt. 7 Project - 3.5% (direct borrowing)	83,387	86	(83,473)	-	-
Generator Loan (direct borrowing)	84,955	-	(84,955)	-	-
Net Pension Liability	1,021,321	-	(312,318)	709,003	-
Net OPEB Liability	452,692	8,749	-	461,441	-
Compensated Absences	9,908	10,556	(9,908)	10,556	-
Total Business-Type Activities	\$ 1,718,104	\$ 19,391	\$ (498,740)	\$ 1,238,755	\$ 16,577

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

The final draw on the Ohio Public Works Commission (OPWC) water well loan was received on September 18, 2000. The full amount of the loan was \$80,103 and was used for improvements to the water well. Charges for services in the Water Enterprise Fund will repay this obligation. The OPWC loan matures in 2024.

The final draw on the OPWC wastewater treatment plant loan was received in 2003. The full amount of the loan was \$207,000. Charges for services in the Sewer Enterprise Fund will repay these obligations. The OPWC loan matures in 2024.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

On January 29, 2015, the City was approved for a \$218,400 loan from the OWDA to finance the City's portion of the Route 7 sewer project. The loan was fully repaid in 2020 from the sewer fund.

The City entered into two bank loans in 2018; \$373,885 to acquire a fire truck and \$250,000 for a sewer generator project. The loans carry interest rates of 3.7% and 4.18%, respectively. These are direct borrowings since the terms have been negotiated directly between the lender and the City. Payments are due monthly with the final payment on August 14, 2023 for the fire truck loan and December 5, 2020 for the generator loan. The loans are repaid from the EMS Levy fund and the Sewer fund, respectively.

The City's overall legal debt margin was \$14,779,178 at December 31, 2020.

Principal and interest requirements to retire the police pension liability at December 31, 2020, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 715	\$ 590	\$ 1,305
2022	745	560	1,305
2023	777	528	1,305
2024	809	496	1,305
2025	844	461	1,305
2026 - 2030	4,783	1,742	6,525
2031 - 2035	5,307	614	5,921
	<u>\$ 13,980</u>	<u>\$ 4,991</u>	<u>\$ 18,971</u>

Principal and interest requirements to retire the OPWC loans at December 31, 2020, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 16,577	\$ 910	\$ 17,487
2022	16,815	682	17,497
2023	12,299	309	12,608
2024	12,064	544	12,608
	<u>\$ 57,755</u>	<u>\$ 2,445</u>	<u>\$ 60,200</u>

Principal and interest requirements to retire the bank loan at December 31, 2020, are as follows:

<u>Year</u>	<u>Fire Truck</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 75,618	\$ 6,514
2022	78,504	3,628
2023	53,995	760
	<u>\$ 208,117</u>	<u>\$ 10,902</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020, the City contracted with USI Midwest, LLC and insurance coverage is provided by the Public Entity Risk Services of Ohio (PERSO).

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

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

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

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

NOTE 12 - EMPLOYEE BENEFITS

A. Insurance

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

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

B. Compensated Absences

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

CITY OF BELPRE, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability

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

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

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

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

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

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2020 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2020 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0 %	0.0 %	0.0 %
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$168,272 for 2020. Of this amount, \$2,543 is reported as intergovernmental payable.

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years.

The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3.00% of their base pension or disability benefit.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$113,179 for 2020. Of this amount, \$1,094 is reported as intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2020, the specific liability of the City was \$13,980 payable in semi-annual payments through the year 2035.

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

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>OPERS - Traditional</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.00972600%	0.02375900%	
Proportion of the net pension liability/asset current measurement date	<u>0.00913100%</u>	<u>0.02390130%</u>	
Change in proportionate share	<u>-0.00059500%</u>	<u>0.00014230%</u>	
Proportionate share of the net pension liability	\$ 1,804,804	\$ 1,610,119	\$ 3,414,923
Pension expense	220,292	207,714	428,006

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 60,947	\$ 60,947
Changes of assumptions	96,398	39,524	135,922
Changes in employer's proportionate percentage/ difference between employer contributions	-	45,880	45,880
Contributions subsequent to the measurement date	168,272	113,179	281,451
Total deferred outflows of resources	\$ 264,670	\$ 259,530	\$ 524,200
	OPERS - Traditional	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 22,819	\$ 83,039	\$ 105,858
Net difference between projected and actual earnings on pension plan investments	360,018	77,781	437,799
Changes in employer's proportionate percentage/ difference between employer contributions	82,026	54,970	136,996
Total deferred inflows of resources	\$ 464,863	\$ 215,790	\$ 680,653

\$281,451 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS -		
	Traditional	OP&F	Total
2021	\$ (97,825)	\$ (15,013)	\$ (112,838)
2022	(142,597)	(39)	(142,636)
2023	14,907	22,692	37,599
2024	(142,950)	(70,796)	(213,746)
2025	-	(6,283)	(6,283)
Thereafter	-	-	-
Total	\$ (368,465)	\$ (69,439)	\$ (437,904)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,976,706	\$ 1,804,804	\$ 751,299

Actuarial Assumptions - OP&F

OP&F’s total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below.

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	120.00 %	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 2,231,569	\$ 1,610,119	\$ 1,090,338

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$2,978 for 2020. Of this amount, \$29 is reported as intergovernmental payable.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.00905600%	0.02375900%	
Proportion of the net OPEB liability current measurement date	<u>0.00850400%</u>	<u>0.02390130%</u>	
Change in proportionate share	<u>-0.00055200%</u>	<u>0.00014230%</u>	
Proportionate share of the net OPEB liability	\$ 1,174,622	\$ 236,091	\$ 1,410,713
OPEB expense	\$ 90,681	\$ 23,239	\$ 113,920

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 31	\$ -	\$ 31
Changes of assumptions	185,930	138,028	323,958
Changes in employer's proportionate percentage/ difference between employer contributions	178	1,934	2,112
Contributions subsequent to the measurement date	-	2,978	2,978
Total deferred outflows of resources	<u>\$ 186,139</u>	<u>\$ 142,940</u>	<u>\$ 329,079</u>

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 107,424	\$ 25,388	\$ 132,812
Net difference between projected and actual earnings on OPEB plan investments	59,813	10,862	70,675
Changes of assumptions	-	50,314	50,314
Changes in employer's proportionate percentage/difference between employer contributions	50,990	48,498	99,488
Total deferred inflows of resources	<u>\$ 218,227</u>	<u>\$ 135,062</u>	<u>\$ 353,289</u>

\$2,978 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2021	\$ (2,921)	\$ (605)	\$ (3,526)
2022	(3,654)	(603)	(4,257)
2023	45	1,624	1,669
2024	(25,558)	(1,886)	(27,444)
2025	-	1,023	1,023
Thereafter	-	5,347	5,347
Total	<u>\$ (32,088)</u>	<u>\$ 4,900</u>	<u>\$ (27,188)</u>

Actuarial Assumptions - OPERS

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,537,183	\$ 1,174,622	\$ 884,331

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,139,961	\$ 1,174,622	\$ 1,208,844

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

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

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

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

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%), or one percentage point higher (4.56%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 292,737	\$ 236,091	\$ 189,021

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

NOTE 15 - CONTINGENT LIABILITIES

A. Litigation

The City is not party to any legal proceedings.

B. Federal and State Grants

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

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

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

The Community Action Program Corporation of Washington-Morgan Counties, Ohio, 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 2020, the Corporation did not receive any administrative fees from the City. These fees were received by the Corporation directly from the granting agencies. The continued existence of the Corporation is not dependent on the City's continued participation and the City does not have an equity interest in the Corporation.

CITY OF BELPRE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

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. The continued existence of the Commission is not dependent on the City's continued participation and the City does not have an equity interest in the Commission.

C. Regional Income Tax Agency (RITA)

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

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

NOTE 17 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The City's investment portfolio and the pension and other employee benefits plan in which the City participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 18 – SUBSEQUENT EVENT

The City entered two Ohio Water Development Authority Loans in 2021 relating to West Side Water and Sewer Improvements amounting to approximately \$188,701. Draws began in 2021.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.009131%	0.009726%	0.009879%	0.010217%
City's proportionate share of the net pension liability	\$ 1,804,804	\$ 2,663,754	\$ 1,549,824	\$ 2,320,107
City's covered payroll	\$ 1,342,521	\$ 1,315,486	\$ 1,297,738	\$ 1,255,750
City's proportionate share of the net pension liability as a percentage of its covered payroll	134.43%	202.49%	119.43%	184.76%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	126.64%	84.66%	77.25%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.010255%	0.010707%	0.010707%
\$	1,776,295	\$ 1,291,384	\$ 1,262,216
\$	1,261,683	\$ 1,278,467	\$ 1,230,738
	140.79%	101.01%	102.56%
	81.08%	86.45%	86.36%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.02390130%	0.02375900%	0.02374600%	0.02536800%
City's proportionate share of the net pension liability	\$ 1,610,119	\$ 1,939,362	\$ 1,457,429	\$ 1,606,792
City's covered payroll	\$ 663,437	\$ 602,321	\$ 584,479	\$ 590,342
City's proportionate share of the net pension liability as a percentage of its covered payroll	242.69%	321.98%	249.36%	272.18%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 168,272	\$ 187,953	\$ 184,168	\$ 168,706
Contributions in relation to the contractually required contribution	<u>(168,272)</u>	<u>(187,953)</u>	<u>(184,168)</u>	<u>(168,706)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,201,943	\$ 1,342,521	\$ 1,315,486	\$ 1,297,738
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 150,690	\$ 151,402	\$ 153,416	\$ 159,996	\$ 121,533	\$ 118,382
<u>(150,690)</u>	<u>(151,402)</u>	<u>(153,416)</u>	<u>(159,996)</u>	<u>(121,533)</u>	<u>(118,382)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,255,750	\$ 1,261,683	\$ 1,278,467	\$ 1,230,738	\$ 1,215,330	\$ 1,183,820
12.00%	12.00%	12.00%	13.00%	10.00%	10.00%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 113,179	\$ 126,053	\$ 114,441	\$ 111,051
Contributions in relation to the contractually required contribution	<u>(113,179)</u>	<u>(126,053)</u>	<u>(114,441)</u>	<u>(111,051)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 595,679	\$ 663,437	\$ 602,321	\$ 584,479
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
 <i>Fire:</i>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 112,165	\$ 100,338	\$ 99,040	\$ 79,982	\$ 61,054	\$ 54,550
<u>(112,165)</u>	<u>(100,338)</u>	<u>(99,040)</u>	<u>(79,982)</u>	<u>(61,054)</u>	<u>(54,550)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 590,342	\$ 528,095	\$ 521,263	\$ 503,559	\$ 478,855	\$ 427,843
19.00%	19.00%	19.00%	15.88%	12.75%	12.75%
\$ -	\$ -	\$ -	\$ 2,902	\$ 5,708	\$ 5,579
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,902)</u>	<u>(5,708)</u>	<u>(5,579)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 14,237	\$ 33,090	\$ 32,342
23.50%	23.50%	23.50%	20.38%	17.25%	17.25%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

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

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

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

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ 12,977
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,977)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,201,943	\$ 1,342,521	\$ 1,315,486	\$ 1,297,738
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	1.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 25,115	\$ 25,234	\$ 26,237	\$ 12,302	\$ 48,631	\$ 47,458
<u>(25,115)</u>	<u>(25,234)</u>	<u>(26,237)</u>	<u>(12,302)</u>	<u>(48,631)</u>	<u>(47,458)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,255,750	\$ 1,261,683	\$ 1,278,467	\$ 1,230,738	\$ 1,215,330	\$ 1,183,820
2.00%	2.00%	2.05%	1.00%	4.00%	4.01%

CITY OF BELPRE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 2,978	\$ 3,317	\$ 3,012	\$ 2,922
Contributions in relation to the contractually required contribution	<u>(2,978)</u>	<u>(3,317)</u>	<u>(3,012)</u>	<u>(2,922)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 595,679	\$ 663,437	\$ 602,321	\$ 584,479
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 3,031	\$ 2,712	\$ 2,589	\$ 18,096	\$ 32,323	\$ 28,879
<u>(3,031)</u>	<u>(2,712)</u>	<u>(2,589)</u>	<u>(18,096)</u>	<u>(32,323)</u>	<u>(28,879)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 590,342	\$ 528,095	\$ 521,263	\$ 503,559	\$ 478,855	\$ 427,843
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%
\$ -	\$ -	\$ -	\$ 690	\$ 2,233	\$ 2,183
<u>-</u>	<u>-</u>	<u>-</u>	<u>(690)</u>	<u>(2,233)</u>	<u>(2,183)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 14,237	\$ 33,090	\$ 32,342
0.50%	0.50%	3.62%	6.75%	6.75%	6.75%

CITY OF BELPRE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

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

(Continued)

CITY OF BELPRE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2020.

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

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

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

To the Members of Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Belpre's basic financial statements, and have issued our report thereon dated July 9, 2021, wherein we noted as described in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods. Furthermore, as described in Note 3 to the financial statements, the City of Belpre adopted Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

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

City of Belpre's Responses to Findings

The City of Belpre's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Belpre's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Julian & Grube, Inc.

July 9, 2021

**CITY OF BELPRE
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the City, this could also include reviewing the year-end system reports to ensure activity is reported in the correct line items, all on-behalf activity is included, and fund balances are properly classified.

Adjustments were made to the financial statements to properly record significant transactions during the audit period.

The government wide - governmental activities statements required the following adjustments:

- Increase Restricted Net Position and decrease Unrestricted Net Position - \$90,000
- Decrease Charges for Services and Sales \$17,484, increase Operating Grants, and Contributions \$319,397, decrease General Revenues – Grants and Entitlements Not Restricted to Specific Programs \$211,913, and decrease Other Revenues \$90,000
- Increase Public Health expenditures \$211,913 and decrease General Government expenditures \$211,913

The fund financial statements required the following adjustments:

- Decrease interfund receivable \$90,000 and decrease Unassigned Fund Balance \$90,000 in the General Fund
- Decrease interfund payable \$90,000 and increase Restricted Fund Balance \$90,000 in other governmental funds
- Decrease Intergovernmental revenues \$211,913 and decrease General Government expenditures \$211,913 in the General Fund
- Decrease Other revenues \$90,000 in the General Fund
- Increase Public Health expenditures \$211,913 and increase Intergovernmental revenues \$211,913 in the Coronavirus Relief Fund
- Increase Intergovernmental revenues \$107,484 and decrease Other revenues \$17,484 in the other governmental funds

These adjustments relate to improper recording of Coronavirus Relief revenues/expenditures in the General Fund (on the HINKLE filed statements) instead of the Coronavirus Relief Fund and improperly recording of grant funds received in the general fund instead of the specific special revenue fund where monies were advanced in a previous year.

**CITY OF BELPRE
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001 - Continued

The financial statements and notes have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the City’s activity.

We recommend the City design and implement additional procedures to facilitate more accurate and detailed financial reporting. The City should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System.

Client Response: The City will closely monitor all transactions to ensure accurate financial reporting in the future.

Finding Number	2020-002
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Material Weakness – Major Fund Determination:

Per GASB Cod. 2200.158 and .159, the focus of governmental and proprietary fund financial statements is on major funds. Fund statements should present the financial information of each major fund in a separate column. Nonmajor funds should be aggregated and displayed in a single column. The reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- a) The total of assets and deferred outflows of resources, the total of liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element(s) total (total assets and deferred outflows of resources, total liabilities and deferred inflows of resources, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b) The same element(s) that met the ten percent criterion in (a) is at least five percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The City’s Coronavirus Relief Fund meets the above criteria for a major fund, subsequent the adjustment noted in finding number 2020-001 was properly made. This fund was included as a Nonmajor Other Governmental Fund in the City’s unaudited Hinkle submission report. Audit adjustments were necessary to reclassify the Coronavirus Relief Fund as a major governmental fund.

**CITY OF BELPRE
WASHINGTON COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-002 - Continued

Without a detailed review of the major fund determination, the City is at risk of preparing incomplete or inaccurate financial statements.

We recommend the City design and implement additional policies and procedures to provide adequate review and approve all major fund determinations.

Client Response: The City will closely monitor all transactions and the major fund determination to ensure accurate financial reporting in the future.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF BELPRE

WASHINGTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/31/2021

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

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