

**CITY OF BELPRE
WASHINGTON COUNTY
Regular Audit
For the Year Ended December 31, 2006**



Mary Taylor, CPA
Auditor of State

City Council
City of Belpre
715 Park Drive
P.O. Box 160
Belpre, Ohio 45714

We have reviewed the *Independent Accountants' Report* of the City of Belpre, Washington County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 6, 2007

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**CITY OF BELPRE
WASHINGTON COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1-2

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Perry & Associates
Certified Public Accountants, A.C.

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

June 12, 2007

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

To the Members of Council:

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate fund information of the **City of Belpre, Washington County, Ohio** (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents and have issued our report dated June 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

Internal Control Over Financial Reporting (continued)

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

We noted certain matters that we reported to the City's management in a separate letter dated June 12, 2007.

Compliance and Other Matters

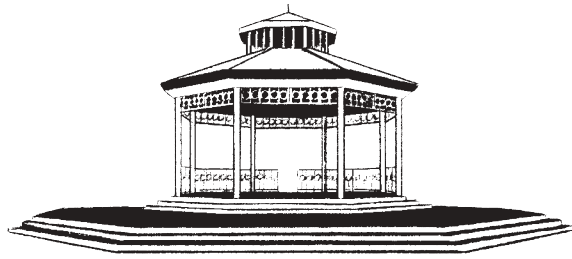
As part of reasonably assuring whether the City's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 12, 2007.

This report is intended solely for the information and use of the audit committee, management, and the City Council. It is not intended for anyone other than these specified parties.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.



City of Belpre, Ohio

*Comprehensive Annual Financial Report
For The Year Ended December 31, 2006*

BELPRE HIGH SCHOOL 1876 - 2007



CITY OF BELPRE, OHIO

**Comprehensive Annual Financial Report
For The Year Ended December 31, 2006**

City of Belpre, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2006

Issued by the City of Belpre Auditor's Office
Patrick J. Hines, CPA
Belpre City Auditor

INTRODUCTORY SECTION

City of Belpre, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
Table of Contents

I. Introductory Section

Table of Contents.....	i
Letter of Transmittal.....	iv
Certificate of Achievement.....	x
Principal Officials.....	xi
Organization Chart.....	xii

II. Financial Section

Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual:	
General Fund.....	18
Street Fund.....	19
Statement of Fund Net Assets – Enterprise Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Assets – Enterprise Funds	21
Statement of Cash Flows – Enterprise Funds.....	22
Statement of Fiduciary Assets and Liabilities – Agency Funds.....	23
Notes to the Basic Financial Statements	24

City of Belpre, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
Table of Contents (continued)

Combining Statements and Individual Fund Schedules:

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions	49
Combining Balance Sheet – Nonmajor Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	52

Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund
Balance – Budget (Non-GAAP Basis) and Actual:

Major Funds:	
General Fund.....	54
Street Fund.....	57
Issue II Paving Fund	58
Energy and Pool Improvements	59
Sanitation Fund	60
Sewer Fund	61
Water Fund.....	62
Nonmajor Funds:	
Permissive Tax Fund.....	63
State Highway Fund.....	64
Law Enforcement Trust Fund	65
Enforcement and Education Fund.....	66
Mayor’s Court Computerization Fund.....	67
Clerk Computerization Fund.....	68
Parks and Recreation Fund	69
Pool Fund.....	70
Pool Construction Fund	71

Combining Statement – Agency Funds

Fund Descriptions	72
Combining Statement of Changes in Assets and Liabilities – Agency Funds	73

City of Belpre, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
Table of Contents (continued)

III. Statistical Section

Statistical Section Description	S1
Financial Trends:	
Net Assets by Component – Last Seven Years.....	S2
Changes in Net Assets – Last Seven Years	S4
Fund Balances, Governmental Funds – Last Ten Years.....	S10
Changes in Fund Balances, Governmental Funds – Last Ten Years.....	S11
Revenue Capacity:	
Assessed Valuation and Estimated True Values of Taxable Property – Last Ten Years	S12
Property Tax Rates, Direct and Overlapping Governments (Per \$1,000 of Assessed Valuation) – Last Ten Years.....	S13
Property Tax Levies and Collections – Last Ten Years.....	S14
Principal Real Property Taxpayers – Current and Nine Years Ago	S15
Income Tax Revenue Base and Collections – Last Ten Years	S16
Debt Capacity:	
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years	S17
Computation of Overlapping General Obligation Bonded Debt – December 31, 2006	S18
Legal Debt Margin Information – Last Ten Years	S19
Demographic and Economic Information:	
Demographic and Economic Statistics – Last Ten Years	S20
Principal Employers – Current and Nine Years Ago.....	S21
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program – Last Six Years.....	S22
Operating Indicators by Function/Program – Last Four Years.....	S23
Capital Asset Statistics by Function/Program – Last Five Years	S26

CITY OF BELPRE

715 PARK DRIVE • P.O. BOX 160

BELPRE, OHIO 45714

William R. "Bill" McAfee – Mayor

Patrick J. Hines, CPA – Auditor

Dale R. Myers, Jr. – Safety-Service Director

June 12, 2007

To the City Council and Citizens of Belpre:

Ohio law requires that local public offices file their annual financial reports with the Auditor of State's Office and publish notice of the availability of the reports within 150 days of the close of the year. Further, the Ohio Administrative Code requires cities to prepare their financial reports pursuant to accounting principles generally accepted in the United States of America. The Comprehensive Annual Financial Report (CAFR) of the City of Belpre, Ohio (City), for the year ended December 31, 2006, is submitted herewith. The report has a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards and government auditing standards by the office of Perry and Associates, Certified Public Accountants.

The City's management assumes full responsibility for the accuracy of the data presented and the completeness and fairness of the presentation. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of control should not exceed the benefits likely to be derived from their implementation, and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state, and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the City Auditor's office.

Perry and Associates, Certified Public Accountants, has audited the City's financial statements. They concluded based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2006. The Independent Accountants' Report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Accountants' Report.

Profile of the Government

The City is located on the Ohio River at River Mile Post 184, with good access to river and rail transportation. Belpre, covering 3.5 square miles, is located only 114 miles from Columbus, 150 miles from Pittsburgh, 100 miles from Huntington, and 285 miles from Washington D.C.

Belpre, Ohio's second City, was founded April 11, 1789. The original settlers called it "Belleprairie" or beautiful prairie. After the Revolutionary War, the early settlers prospered because of the rich farm land. From one of the largest townships in Ohio, the Village of Belpre was formed in 1901, and Belpre was incorporated as a City in 1961.

The early settlers came as part of the Ohio Company. The Federal Government, unable to pay cash for their services during the war, gave them land in Ohio. Most were from New England and were well educated. They passed this education on to their children in the wilderness. One of them was Bathsheba Rouse, the first female school teacher in Ohio. Over the years, Belpre grew and prospered. One of the early families, the Dana family, brought along with them seeds from their apple trees in New England. Thus grew a large vinegar and canning business with vinegar being shipped as far as New Orleans. In later years, truck farming became the largest business in the area. Growth came during the 1950's and 60's in the chemical and plastics industries. This growth overshadowed the farming industry, and many of the truck farmers sold their land for housing developments.

Belpre is a statutory City operating under the Mayor/Council form of government. The citizens of Belpre elect a mayor, auditor, law director, treasurer, and eight members of council, which includes the president, three council members-at-large, and four ward council members. Responsible for the various departments of the City are the safety/service director, the public works superintendent, the auditor, the treasurer, and the law director.

Reporting Entity and Services Provided

For financial reporting purposes, the City includes in this report all funds and agencies that are controlled by, or are dependent on, the City's legislative branch. These determinations are made on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general taxing authority of the City, and/or the City's obligation to fund any deficits that may occur.

The City of Belpre, as a governmental entity, is totally separate and distinct from the Belpre Volunteer Fire Fighters, Inc. Although the two entities share similar names, they are independent of each other in terms of governing bodies, financial resources, and management. Even though the City provides fire stations, fire trucks, and equipment, the corporation was set up by the firefighters themselves for independent fund raising and activities. Because of the separate and independent nature of this corporation, its financial statements are not included in this report. Likewise, the Belpre City School District is a separate and distinct entity from the City of Belpre. Consequently, its financial statements are not included in this report. The Community Action Program Corporation of Washington-Morgan Counties, Ohio, and the Wood, Washington, and Wirt Planning Commission are reported as jointly governed organizations.

The City provides a wide range of municipal services. These services include police, senior citizens programs, recreation programs (including parks), transportation programs (including streets), water distribution and wastewater treatment programs, planning and zoning, and general administrative services.

The annual budget serves as the foundation for the City's financial planning and control. The City complies with the requirements of the Ohio Revised Code in the adoption of the budget. Appropriations for the operation of various City departments are established through the passage of an ordinance by City Council.

Budgetary control is facilitated through the maintenance of an encumbrance system for requisitions and purchase orders, and through the use of the City's automated financial system. The City Auditor seeks input and consults with the administration and department heads concerning the adoption of appropriations. The proposed appropriations are presented to Council by November 1 of each year. Council then reviews the proposals and passes a temporary appropriation ordinance by December 31. These temporary appropriations allow for expenditures during the first three months of the year. The City Auditor meets with the finance committee and makes any adjustments or changes that may be needed. A final appropriation ordinance is then adopted by Council by March 31.

The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The allocations of appropriations among departments and objects within a fund are made during the year by the City Auditor without an ordinance of Council.

Economic Condition

Local Economy

Each homeowner in the City is required to pay city income tax on wages earned if they work in a locality that does not have an income tax. In addition, any person who works in the City is required to pay income tax on wages earned in the City, even if they live outside the City limits. Belpre Township, which borders our City, has experienced substantial growth with the building of many new homes, of which many of the people living there work in the City. Several new business start-ups occurred in the City during 2006, which include Reynold's Landscaping, Wetzel's, Nascar Shop, Cutting Edge Surfaces, ATV Sales and Service, Check and Go, Sprint, Check into Cash, The Quilt Shoppe, and Mr. Freeze.

The City continues to work in conjunction with County development agencies to encourage business growth in the City. The following businesses will open in 2007: Mid-Ohio Valley Physicians' Clinic, Lambert-Tatman Funeral Home and Marietta Memorial Hospital Physicians' Clinic. The City anticipates sizable business growth after the completion of the Corridor "D" bridge in August, 2007, which connects Ohio and West Virginia just beyond the City limit line.

Major Initiatives

For the Year:

Infrastructure improvements continued to be a priority during the past year. The Rockland sewer left station was overhauled at a cost of \$224,816, paid for by charges to the sewer customers. A major street paving project was completed in 2006. This project was a co-operative project with the Ohio Public Works Commission, along with the City of Beverly and the Village of Lowell. Parts of twenty-seven Belpre streets were paved. Belpre's portion of the project was funded by the Ohio Public Works Commission (Issue II) for \$224,187 and by the permissive license tax for \$93,597. The Clement Avenue Paving project was started in 2006 as was the intersection improvements at Washington Boulevard and Farson Street.

Over the past decade, the City of Belpre has grappled with stagnant revenues while trying to maintain our deteriorating infrastructure, causing our deferred maintenance to increase dramatically. In addition, the City has limited resources and manpower to otherwise implement the measures that are being installed.

In 2004, the City placed a .25% income tax increase on the ballot to help offset some of these mounting concerns. The effort failed. Recognizing the City must continue to provide services, the administration had to research other methods to fund improvements. After researching options, the City decided to explore Performance Based Contracting as a procurement method. After two years, the City entered into a contract

with Ameresco, Inc. in October, 2006. The project consists of water meter and line replacements, sewer and water treatment plant improvements, interior and exterior lighting and traffic signals improvements with energy efficient bulbs, and replacement of the community swimming pool.

A significant benefit to our City with this type of “performance based” procurement is that Ameresco, Inc. holds the construction risk in that our City is not at risk for change orders. The implemented improvements help to offset the investment by leveraging energy savings, operational improvements, and enhanced revenues. This process allows us to reclaim the wasted energy dollars and lost revenues. It also allows for an accelerated construction period where we are able to complete a large integrated scope of work that would have taken the City 30 plus years to accomplish using the traditional methods. This work is managed and implemented by a professional firm and we are purchasing the scope of services at today’s construction costs. With construction materials increasing at over five percent each year, our City saves substantial dollars and the project is installed with a higher level of quality than is possible through traditional construction methods.

Through this procurement vehicle, we are also able to take advantage of a financing project called tax exempted leasing purchase (TELP). The City was able to obtain a tax-exempt lease financing interest rate of 4.15%. This structure finances the program costs under a tax-exempt equipment lease-purchase agreement and escrow agreement. Under this financing structure, at close, funds in an amount sufficient to capitalize the entire program cost were deposited in an interest-bearing escrow account established by a bank escrow agent and held for the benefit of the City of Belpre. These funds are invested at the direction of the City with maturities that match the anticipated program costs during program installation. The City requests the escrow agent to disburse payments to Ameresco, Inc., during the installation period as work is completed.

Interest will begin to accrue at closing and is capitalized during the construction period. No payments are due from the City during this period. Once the program is installed and construction completed and the City begins to realize savings, payments of principal and interest are due. In this case, it will be December of 2007.

The City of Belpre retains ownership in the project, but grants a security interest to a third party financial institution during the financing term. At maturity, the security interest is released and the City of Belpre retains the project free and clear.

In the end, the City of Belpre must continue to provide services needed by our community and our taxpayers. This administration searched out and implemented what is believed to be the “optimum” plan to make the necessary improvements and do so in a financially viable way, providing for our community an infrastructure to serve their needs for the next twenty plus years.

Asset acquisitions during 2006 were two police cruisers, which cost \$24,769 each; a new dump truck for the street department, which costs \$68,235; and a new ambulance, which cost \$119,291. The Belpre Volunteer Fire Fighters, Inc., contributed half of the cost of the new ambulance.

For the Future:

Due to the Ameresco project previously discussed, the community swimming pool will finally open in June, 2007. The pool had been closed since 2002 due to extensive repairs needing made. After the completion of the other energy savings and improvement projects by Ameresco, Inc., the City should not be faced with many capital and infrastructure improvements other than for street paving and improvements.

Long-term Financial Planning

As previously discussed, the Ameresco, Inc. project's lease will be paid mainly through anticipated energy savings. Council has also approved a water and sewer rate increase of ten percent for January 1, 2007, and another ten percent for January 1, 2008. The pool will be operated by the Marietta YMCA. The City will pay the YMCA a flat operational rate while the City will continue to purchase consumable supplies.

Cash Management

Investments are governed by the City's investment policy as passed by City Council and the Ohio Revised Code. The purpose of the City's investment policy is to maximize return on investment of the City's cash balances consistent with the safety of those monies while maintaining desired liquidity. The City invests in a bank account and a certificate of deposit. The City may also invest in money market accounts, overnight repurchase agreements, federal agency securities, and the State Treasury Asset Reserve (STAROhio). The City Auditor's Department has implemented an excellent cash management program. While the City uses only safe, conservative investments, at the same time it takes full advantage of available investment opportunities. Interest earned on investments is allocated to the various funds in accordance with the investment policy. Following is a schedule of investment earnings on a modified accrual basis of accounting in the governmental funds for the past ten years:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2006	\$108,715	2001	\$45,130
2005	54,230	2000	70,260
2004	20,010	1999	68,162
2003	28,105	1998	61,429
2002	34,286	1997	17,083

The City complied with applicable provisions of the Ohio Revised Code and City of Belpre Codified Ordinances pertaining to types of investments held and institutions in which deposits were made. The City also complied with provisions of the Ohio Revised Code concerning security requirements. The Ohio Revised Code does not require security in the City's name. Instead, the investment institutions may pledge a pool of government securities the market value of which is at least 105% of the total value of public monies on deposit. The City monitors compliance with the various statutes mentioned above and will continue to do so in future years.

Risk Management

The City purchases insurance policies in varying amounts from Arch Insurance Company to insure City property against loss or misuse and provide coverage for general liability and for errors and omissions.

The City pays unemployment claims to the State of Ohio during lay-offs. The City also participates in the Ohio Worker's Compensation program.

Awards and Acknowledgments

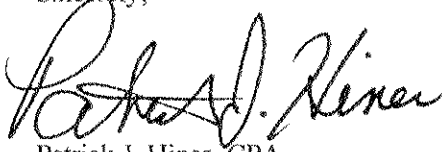
GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Belpre, Ohio, for its comprehensive annual financial report for the year ended December 31, 2005. This was the City of Belpre's sixth year for receiving this award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

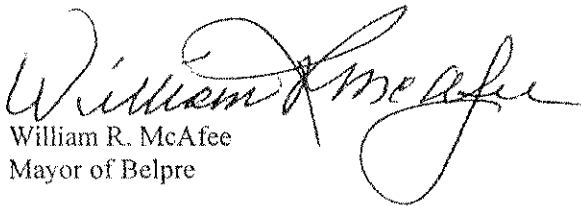
Tree City USA - The City received its eleventh Tree City USA Award for the year ended December 31, 2006. This prestigious award recognized the City for its annual program of planting new trees and maintaining and removing old trees.

The preparation of this comprehensive annual report on a timely basis was made possible by the dedicated service of the entire staff of the City Auditor's Department. We would like to express my appreciation to all staff members who have contributed or assisted in its preparation. We would also like to thank the Local Government Services Section of the State Auditor's Office, whose very knowledgeable and professional staff helped make the preparation of this report possible.

Sincerely,



Patrick J. Hines, CPA
Belpre City Auditor



William R. McAfee
Mayor of Belpre

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Belpre,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

City of Belpre, Ohio
Principal Officials
December 31, 2006

Mayor.....William R. McAfee
President of Council.....Mike Lorentz
Council - 1st Ward.....Larry Martin
Council - 2nd Ward.....Ronald Duvall
Council - 3rd Ward.....David Ferguson
Council - 4th Ward.....Dewey Robinson
Council - at Large.....John Baker
Council - at Large.....Kevin Mayle
Council - at Large.....Susan Abdella
Clerk of Council.....Kimberly Meredith
Law Director.....James McCauley

Finance

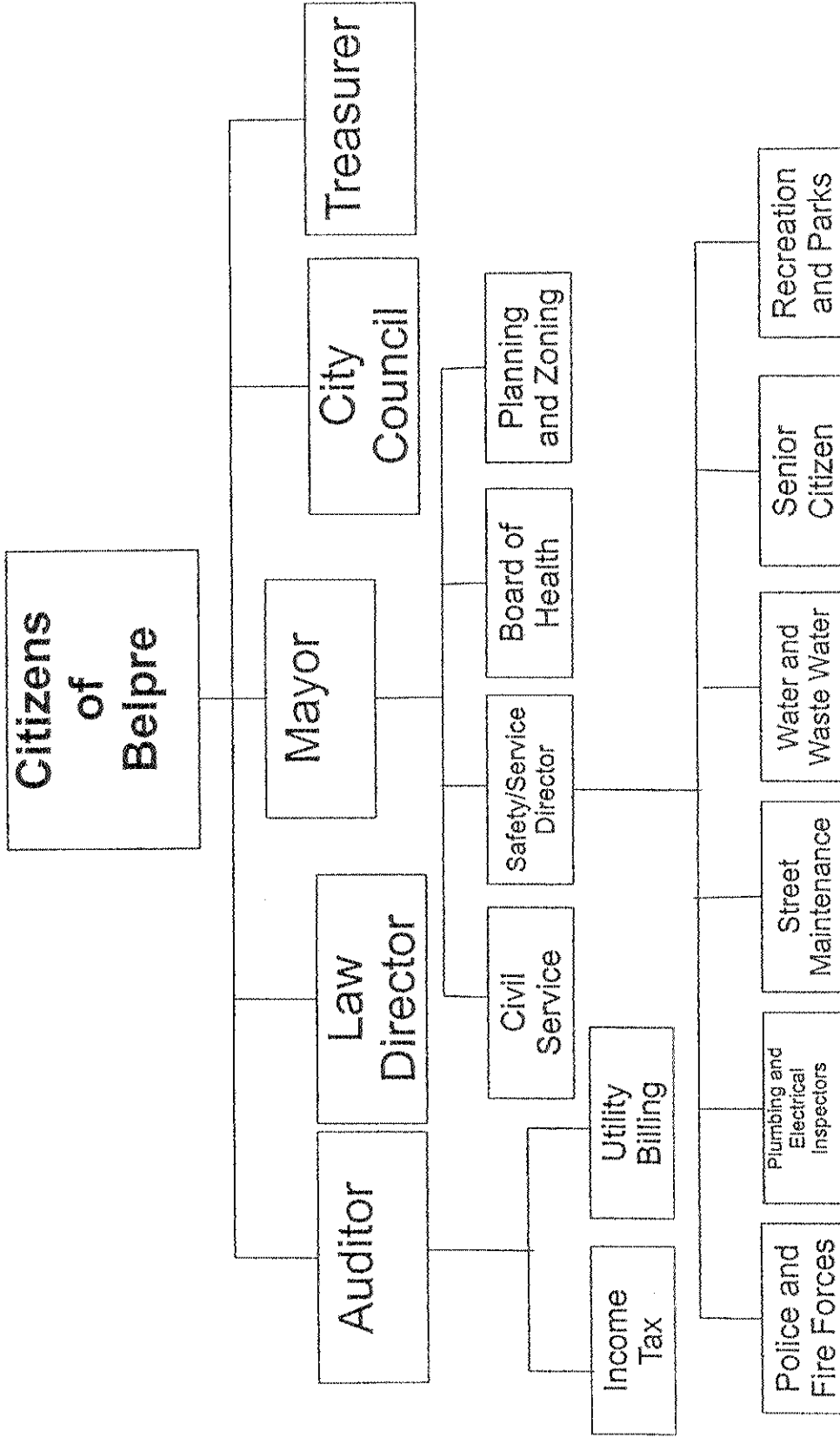
Auditor.....Patrick J. Hines, CPA
Deputy Auditor.....Sharon McVey
Deputy Office Administrator.....Lisa Rankin
Treasurer.....Will Neff
Income Tax Commissioner.....Leonard Wiggins, II

Safety and Service

Safety/Service Director.....Dale Myers, Jr.
Public Works Superintendent.....Mike Betz
Police Chief.....Ira Walker
Fire Chief.....Wesley Walker

CITY of BELPRE, OHIO

Organization Chart



FINANCIAL SECTION

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

June 12, 2007

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

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the **City of Belpre, Washington County, Ohio** (the City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General and Street Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund financial statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Respectfully Submitted,

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

Perry and Associates
Certified Public Accountants, A.C.

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, 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 2006 are as follows:

In total, assets increased \$8,458,765. Governmental activities increased \$1,002,811, while the business-type activities experienced the biggest increase of \$7,455,954.

Overall, capital assets increased \$1,990,798. Total capital assets from governmental activities increased \$219,423. Capital assets of business-type activities increased \$1,771,375.

In total, liabilities increased \$8,473,199. Total liabilities of governmental activities increased \$1,346,276. Total liabilities of business-type activities increased \$7,126,923 from 2005.

In total, net assets decreased \$14,434. Net assets of governmental activities decreased \$343,465, while net assets of business-type activities increased \$329,031 from 2005.

Using this Annual Financial Report

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

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

Reporting the City of Belpre as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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

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

Governmental Activities - Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Sanitation, Sewer, and Water Funds.

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 capital expenses associated with the facilities. Sanitation services have charges based upon set rates. The City charges fees that more than cover the costs of the contract to provide the service.

Reporting the City of Belpre's Most Significant Funds

Fund Financial Statements

The basic governmental fund financial statements begin on page 14. Fund financial statements provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Belpre, our major funds are the General, Street, Issue II Paving, Energy and Pool Improvements, Sanitation, Sewer, and Water Funds.

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

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

The City of Belpre as a Whole

Recall that the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2006 compared to 2005.

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current and Other Assets	\$3,267,331	\$2,483,943	\$7,391,433	\$1,706,854	\$10,658,764	\$4,190,797
Capital Assets, Net	14,256,556	14,037,133	9,387,514	7,616,139	23,644,070	21,653,272
<i>Total Assets</i>	17,523,887	16,521,076	16,778,947	9,322,993	34,302,834	25,844,069
Liabilities						
Current and Other Liabilities	850,350	728,941	746,658	292,109	1,597,008	1,021,050
Long-term Liabilities:						
Due Within One Year	26,714	20,049	240,937	137,424	267,651	157,473
Due in More Than One Year	1,334,973	116,771	8,095,817	1,526,956	9,430,790	1,643,727
<i>Total Liabilities</i>	2,212,037	865,761	9,083,412	1,956,489	11,295,449	2,822,250
Net Assets						
Invested in Capital Assets, Net of Related Debt	13,893,386	13,965,236	6,864,118	5,964,233	20,757,504	19,929,469
Restricted:						
Capital Projects	0	129,311	0	0	0	129,311
Transportation	390,640	337,814	0	0	390,640	337,814
Other Purposes	36,968	35,597	0	0	36,968	35,597
Unclaimed Monies	6,598	6,442	0	0	6,598	6,442
Unrestricted	984,258	1,180,915	831,417	1,402,271	1,815,675	2,583,186
<i>Total Net Assets</i>	\$15,311,850	\$15,655,315	\$7,695,535	\$7,366,504	\$23,007,385	\$23,021,819

Total assets increased \$8,458,765, with the governmental activities accounting for \$1,002,811 of the increase. For the governmental activities, Cash with Escrow Agents experienced the largest increase of \$943,688 due to the cash generated from the lease purchase proceeds for the energy savings project that began in 2006. A decrease of \$222,986 in Due from Other Governments resulted mainly from the City recording an Issue II paving receivable of \$212,886 in 2005. Construction in progress increased \$464,310 from 2005. Additions to construction in progress amounted to \$782,094, \$728,835 for the energy savings and pool improvements projects. The completion of a 2005 paving project decreased construction in progress \$317,784. Total liabilities increased \$1,346,276. Most of the increase is related to the lease purchase agreement entered into for \$1,296,464.

For business-type activities, most of the changes occurred for the same reasons the governmental activities changed; assets increased \$7,455,954. Cash with Escrow Agents experienced the largest increase of \$5,857,352 due to the cash generated from the lease purchase proceeds. Construction in progress had a net increase of \$1,710,418. \$1,912,905 was added for the infrastructure improvements related to the lease purchase proceeds. Total liabilities increased \$7,126,923. Most of the increase is related to the lease purchase agreement entered into for \$7,210,517. Offsetting increases were debt payments of \$539,480.

Table 2 shows the changes in net assets for the year ended December 31, 2006, and comparisons to 2005.

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2006	Business- Type Activities 2006	Total 2006	Governmental Activities 2005	Business- Type Activities 2005	Total 2005
Revenues						
Program Revenues						
Charges for Services	\$386,949	\$2,638,589	\$3,025,538	\$401,162	\$2,418,719	\$2,819,881
Operating Grants, Contributions and Interest Capital Grants and Contributions	344,186	0	344,186	360,985	0	360,985
	123,525	15,835	139,360	742,311	11,420	753,731
Total Program Revenues	854,660	2,654,424	3,509,084	1,504,458	2,430,139	3,934,597
General Revenues						
Property Taxes	313,030	0	313,030	311,975	0	311,975
Income Taxes	1,127,411	0	1,127,411	1,255,847	0	1,255,847
Franchise Taxes	43,455	0	43,455	17,509	0	17,509
Grants and Entitlements	281,403	0	281,403	198,275	0	198,275
Investment Earnings	103,922	57,805	161,727	50,955	0	50,955
Donations	175	0	175	125	0	125
Other	7,258	535	7,793	57,505	17,399	74,904
Total General Revenues	1,876,654	58,340	1,934,994	1,892,191	17,399	1,909,590
Total Revenues	2,731,314	2,712,764	5,444,078	3,396,649	2,447,538	5,844,187
Program Expenses						
General Government	593,808	0	593,808	563,229	0	563,229
Security of Persons and Property:						
Police	923,982	0	923,982	875,278	0	875,278
Fire	206,319	0	206,319	202,391	0	202,391
Public Health Services	34,545	0	34,545	35,172	0	35,172
Transportation	1,126,410	0	1,126,410	1,185,433	0	1,185,433
Leisure Time Activities:						
Senior Center	28,633	0	28,633	26,972	0	26,972
Parks	112,494	0	112,494	87,880	0	87,880
Pool	9,381	0	9,381	9,448	0	9,448
Intergovernmental	92,502	0	92,502	0	0	0
Interest and Fiscal Charges	16,705	0	16,705	4,324	0	4,324
Sanitation	0	652,033	652,033	0	578,630	578,630
Sewer	0	1,076,686	1,076,686	0	1,043,770	1,043,770
Water	0	585,014	585,014	0	584,123	584,123
Total Program Expenses	3,144,779	2,313,733	5,458,512	2,990,127	2,206,523	5,196,650
Increase (Deficiency)						
Before Transfers	(413,465)	399,031	(14,434)	406,522	241,015	647,537
Transfers	70,000	(70,000)	0	70,000	(70,000)	0
Increase (Decrease)						
in Net Assets	(343,465)	329,031	(14,434)	476,522	171,015	647,537
Net Assets Beginning of Year	15,655,315	7,366,504	23,021,819	15,178,793	7,195,489	22,374,282
Net Assets End of Year	\$15,311,850	\$7,695,535	\$23,007,385	\$15,655,315	\$7,366,504	\$23,021,819

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 75 percent of all revenues in the governmental activities.

Income tax collections experienced a small decrease of \$128,436. The City's Tax Commissioner has established procedures for identifying delinquent accounts and for setting up payment schedules for hardship cases.

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

Security of persons and property is a major activity of the City, generating 36% of the governmental expenses. During 2006, expenses for police and fire operations amounted to \$923,982 and \$206,319, respectively. These activities are, for the most part, funded by the municipal income tax. The City attempts to supplement the income and 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 36% of the governmental expenses. Most of the expenses were related to street paving and patching expenses of \$349,383 and street lighting expenses of \$276,607, while depreciation accounted for \$731,238 in expenses. These expenses were offset \$230,818 for capitalized asset additions.

Business-Type Activities

The City's business-type activities provide sanitation, water, and sewer services. The City, itself, does not provide trash pickup, but contracts this service from an outside vendor. The City provides the billing service for trash pickup on the existing utility bills and receives a commission from the vendor for providing this service for them. Operating income generated by this activity is used to help support the City's general government activities. During 2006, program revenues exceeded expenses by \$340,691.

The City's water and sewer departments continued to operate with low rates. On July 1, 2006, the minimum water rate increased to \$6.78 from \$6.51 for the first 3,000 gallons of water consumed and the sewer rate increased to \$13.30 from \$12.78. Water rates for two neighboring water associations are \$16.30 and \$19.80 for the first 3,000 gallons of water. These rate increases raised revenues for charges nearly \$220,000 over 2005 levels. These rate increases were necessary to fund the costs of the ongoing energy savings and infrastructure improvement projects. Program expenses increased \$107,210 over 2005 levels; however, net assets increased \$329,031 in 2006.

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 \$2,649,612 and expenditures of \$3,341,008. City Council approved the closure of the swimming pool after the 2001 season due to significant repairs and improvements needing to be made. The City's pool remained closed in 2006; however, it will reopen in June, 2007. The City's transportation expenditures, including street paving projects during 2006 amounted to \$396,093, a \$381,241 decrease from 2005's expenditures of \$777,334.

The fund balance of the General Fund increased \$14,674. A \$70,000 transfer was received from the Sanitation Enterprise Fund. Revenues did not change significantly from 2005. Expenditures increased \$430,999 over 2005 levels, mainly for capital outlay. Similarly, activities of the Street and Issue II Funds did not change significantly from 2005. Their fund balances increased \$55,234 and \$793, respectively. The Street Fund received a \$32,000 transfer from the General Fund that it had not received in 2005.

The Energy and Pool Savings Fund is a new major fund for the City in 2006. This fund received capital lease proceeds of \$1,296,464 for energy-savings projects throughout the City (street lighting, heating and cooling improvements, energy efficient lighting in all governmental buildings) and pool improvements. \$728,835 of those proceeds had been spent in 2006 for these projects.

During 2006, the Water Fund had operating revenues of \$669,950 (\$653,660 in 2005) and operating expenses of \$536,603 (\$535,157 in 2005). The Sewer Fund had operating revenues of \$1,236,808 (\$1,127,350 in 2005) and operating expenses of \$1,050,690 (\$1,016,748 in 2005). The rate increases previously discussed contributed to the increases in operating revenues. Activity within the Sanitation Fund changed little, with the net assets only increasing \$10,333 from 2005.

General Fund Budgeting Highlights

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

During the course of 2006, the City increased its Estimated Revenues \$50,000: \$5,000 for a donation, \$35,000 for a CDBG project, and \$10,000 for a franchise fee payment. These monies had not been anticipated at the beginning of the year. Appropriations were amended \$241,969: increased for unanticipated unemployment payments, CDBG projects, recreational improvements, equipment purchases, police dog expenditures, and debt retirements. Recommendations for any budget change come from the City Auditor to the Finance Committee of Council for review before going to the whole Council for Ordinance enactment on the change. The allocation of appropriations among departments and objects 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 \$737,312, \$341,443 above the final budgeted amount. The City received \$107,428 more in revenues than anticipated. The City also cut actual expenditures by \$230,684, reducing amounts in all programs.

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Capital Assets and Debt Administration

(Table 3)
 Capital Assets at December 31, 2006

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$2,024,318	\$2,024,318	\$250,754	\$250,754	\$2,275,072	\$2,275,072
Buildings and Improvements	1,711,035	1,735,574	601,776	615,247	2,312,811	2,350,821
Machinery and Equipment	243,872	239,333	489,257	475,498	733,129	714,831
Vehicles	527,299	371,982	33,902	45,887	561,201	417,869
Infrastructure:						
U.S. and State Roads	2,440,071	2,643,410	0	0	2,440,071	2,643,410
City Streets	6,295,126	6,452,419	0	0	6,295,126	6,452,419
Street Signals	248,509	268,081	0	0	248,509	268,081
Sewer System	0	0	2,937,707	2,791,057	2,937,707	2,791,057
Water System	0	0	3,161,213	3,235,209	3,161,213	3,235,209
Construction in Progress	766,326	302,016	1,912,905	202,487	2,679,231	504,503
Totals	\$14,256,556	\$14,037,133	\$9,387,514	\$7,616,139	\$23,644,070	\$21,653,272

The assets of the City are reported at historical cost, net of depreciation. The primary increase in the governmental activities is in the construction in progress for the energy savings and pool improvement project. The City purchased two police cruisers, an emergency squad (half the cost was donated), a dump truck, an endloader, and made over \$50,000 in improvements to the parks during 2006. For the business-type activities, construction in progress also experienced the largest change of \$1,710,418 for the infrastructure improvements under the energy savings plan. For additional information on capital assets, see Note 9 to the basic financial statements.

(Table 4)
 Outstanding Debt at December 31, 2006

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
City Building Loan	\$0	\$66,225	\$0	\$132,450	\$0	\$198,675
Issue II Water Well Loan	0	0	62,961	66,527	62,961	66,527
Water Lines Loan	0	0	0	76,876	0	76,876
New Water Tank Loan	0	0	538,760	575,578	538,760	575,578
Refurbish Old Tank Loan	0	0	0	237,372	0	237,372
Sewer Treatment Plant Loan	0	0	327,605	368,996	327,605	368,996
Issue II Sewer Treatment Plant Loan	0	0	180,950	189,807	180,950	189,807
Issue II Paving Loan	0	5,672	0	0	0	5,672
Capital Leases	1,296,464	0	7,210,517	0	8,506,981	0
Contract Payable	0	0	2,150	4,300	2,150	4,300
Police Pension Liability	21,410	21,792	0	0	21,410	21,792
Totals	\$1,317,874	\$93,689	\$8,322,943	\$1,651,906	\$9,640,817	\$1,745,595

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The City had no bond issues outstanding but did have a pension liability, various loans, and a capital lease payable at December 31, 2006, totaling \$9,638,667, of which \$267,651 is due within one year. The City has two Ohio Public Works Issue II loans outstanding, one for water well replacement and one for sewer treatment plant improvements. The City has three additional loans outstanding; one for police pensions, one for the water tank, and one for the sewer treatment facility. The City retired the Issue II Paving Loan during 2006. Permissive motor vehicle license tax was pledged to pay the debt of the Issue II Paving Loan.

The City also retired the city building loan early. This loan was paid equally from three funds: General, Sewer, and Water. The General Fund portion was paid from income tax revenues and the Water and Sewer portions were paid from charges for services.

At year end, the City had contractual commitments of \$8,901,937, of which \$2,679,231 had been expended for paving projects and the energy savings and pool improvement projects (see the contractual commitment Note 14).

The City's overall legal debt margin was \$10,390,579 at December 31, 2006. For additional information on debt, see Note 13 to the basic financial statements.

Current Finance Related Activities

The largest problem that the City is taking action to remedy is the deteriorating infrastructure of our water and sewer operations. The resolution was to enter into a contract with Ameresco, Inc. in October, 2006, to address this issue among other problems within the City, including water meter and line replacements, interior and exterior lighting and traffic signal improvements with energy efficient bulbs, and replacement of the community swimming pool. In order to afford this \$8,479,839 contract, the City entered into a tax-exempt equipment lease-purchase agreement. Pool revenues, energy savings, and water and sewer rate increases will pay for this contract. One rate increase occurred on July 1, 2006, and another one will take place on January 1, 2007, with yet another one on January 1, 2008, for ten percent each.

The closing of the City swimming pool in 2002 caused public concern. Through donations, grants, and the lease-purchase, the City worked to replace the old pool under the contract with Ameresco, Inc. for \$876,267. The pool is scheduled to open in June, 2007.

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

Contacting the City Auditor's Department

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

City of Belpre, Ohio

Statement of Net Assets

December 31, 2006

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,191,686	\$936,298	\$2,127,984
Cash and Cash Equivalents in Segregated Accounts	10,433	0	10,433
Cash with Escrow Agents	943,688	5,857,352	6,801,040
Investments	0	50,000	50,000
Permissive Tax Receivable	3,173	0	3,173
Accounts Receivable	10,720	400,004	410,724
Accrued Interest Receivable	1,443	0	1,443
Due from Other Governments	273,981	131,404	405,385
Municipal Income Tax Receivable	470,311	0	470,311
Materials and Supplies Inventory	5,965	2,210	8,175
Prepaid Items	40,754	14,165	54,919
Property and Other Taxes Receivable	315,177	0	315,177
Non-Depreciable Capital Assets	2,790,644	2,163,659	4,954,303
Depreciable Capital Assets, Net	<u>11,465,912</u>	<u>7,223,855</u>	<u>18,689,767</u>
<i>Total Assets</i>	<u>17,523,887</u>	<u>16,778,947</u>	<u>34,302,834</u>
Liabilities			
Accounts Payable	19,342	42,979	62,321
Contracts Payable	332,454	322,146	654,600
Accrued Wages	37,755	18,970	56,725
Due to Other Governments	65,043	22,314	87,357
Deferred Revenue	301,084	0	301,084
Accrued Interest Payable	13,567	76,301	89,868
Retainage Payable	36,442	91,217	127,659
Vacation Benefits Payable	44,463	32,336	76,799
Due to Others	200	0	200
Customer Deposits Payable	0	140,395	140,395
Long-Term Liabilities:			
Due Within One Year	26,714	240,937	267,651
Due In More Than One Year	<u>1,334,973</u>	<u>8,095,817</u>	<u>9,430,790</u>
<i>Total Liabilities</i>	<u>2,212,037</u>	<u>9,083,412</u>	<u>11,295,449</u>
		0	
Net Assets			
Invested in Capital Assets, Net of Related Debt	13,893,386	6,864,118	20,757,504
Restricted for:			
Transportation	390,640	0	390,640
Other Purposes	36,968	0	36,968
Unclaimed Monies	6,598	0	6,598
Unrestricted	<u>984,258</u>	<u>831,417</u>	<u>1,815,675</u>
<i>Total Net Assets</i>	<u>\$15,311,850</u>	<u>\$7,695,535</u>	<u>\$23,007,385</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$593,808	\$175,612	\$0	\$3,396
Security of Persons and Property:				
Police	923,982	151,574	4,600	0
Fire	206,319	0	217	63,375
Public Health Services	34,545	15,748	6,171	0
Transportation	1,126,410	40,540	321,947	11,301
Leisure Time Activities:				
Senior Center	28,633	0	4,894	0
Parks	112,494	3,475	6,357	45,206
Pool	9,381	0	0	247
Intergovernmental	92,502	0	0	0
Interest and Fiscal Charges	16,705	0	0	0
<i>Total Governmental Activities</i>	3,144,779	386,949	344,186	123,525
Business-Type Activities				
Sanitation	652,033	732,366	0	0
Sewer	1,076,686	1,236,808	0	0
Water	585,014	669,415	0	15,835
<i>Total Business-Type Activities</i>	2,313,733	2,638,589	0	15,835
<i>Total</i>	\$5,458,512	\$3,025,538	\$344,186	\$139,360

General Revenues

Property Taxes Levied for General Purposes
Income Taxes Levied for General Purposes
Franchise Taxes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Donations
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$414,800)	\$0	(\$414,800)
(767,808)	0	(767,808)
(142,727)	0	(142,727)
(12,626)	0	(12,626)
(752,622)	0	(752,622)
(23,739)	0	(23,739)
(57,456)	0	(57,456)
(9,134)	0	(9,134)
(92,502)	0	(92,502)
(16,705)	0	(16,705)
<u>(2,290,119)</u>	<u>0</u>	<u>(2,290,119)</u>
0	80,333	80,333
0	160,122	160,122
0	100,236	100,236
<u>0</u>	<u>340,691</u>	<u>340,691</u>
<u>(2,290,119)</u>	<u>340,691</u>	<u>(1,949,428)</u>
313,030	0	313,030
1,127,411	0	1,127,411
43,455	0	43,455
281,403	0	281,403
103,922	57,805	161,727
175	0	175
7,258	535	7,793
<u>1,876,654</u>	<u>58,340</u>	<u>1,934,994</u>
<u>70,000</u>	<u>(70,000)</u>	<u>0</u>
<u>1,946,654</u>	<u>(11,660)</u>	<u>1,934,994</u>
(343,465)	329,031	(14,434)
<u>15,655,315</u>	<u>7,366,504</u>	<u>23,021,819</u>
<u>\$15,311,850</u>	<u>\$7,695,535</u>	<u>\$23,007,385</u>

City of Belpre, Ohio

Balance Sheet

Governmental Funds

December 31, 2006

	<u>General</u>	<u>Street</u>	<u>Issue II Paving</u>	<u>Energy and Pool Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$769,006	\$109,190	\$4,205	\$0	\$302,687	\$1,185,088
Cash and Cash Equivalents in Segregated Accounts	9,442	0	0	0	991	10,433
Cash with Escrow Agents	0	0	0	943,688	0	943,688
Restricted Cash	6,598	0	0	0	0	6,598
Receivables:						
Property and Other Taxes	315,177	0	0	0	0	315,177
Municipal Income Tax	470,311	0	0	0	0	470,311
Permissive Tax	0	0	0	0	3,173	3,173
Accounts	9,324	1,300	0	0	96	10,720
Accrued Interest	1,443	0	0	0	0	1,443
Due from Other Governments	114,390	147,624	0	0	11,967	273,981
Materials and Supplies Inventory	270	5,695	0	0	0	5,965
Prepaid Items	31,898	4,636	0	0	4,220	40,754
<i>Total Assets</i>	<u>\$1,727,859</u>	<u>\$268,445</u>	<u>\$4,205</u>	<u>\$943,688</u>	<u>\$323,134</u>	<u>\$3,267,331</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$16,535	\$1,940	\$0	\$0	\$867	\$19,342
Contracts Payable	3,231	0	0	329,223	0	332,454
Retainage Payable	0	0	0	36,442	0	36,442
Accrued Wages	31,385	6,370	0	0	0	37,755
Due to Other Governments	54,465	8,724	0	0	1,854	65,043
Deferred Revenue	666,047	95,904	0	0	7,774	769,725
Due to Others	200	0	0	0	0	200
<i>Total Liabilities</i>	<u>771,863</u>	<u>112,938</u>	<u>0</u>	<u>365,665</u>	<u>10,495</u>	<u>1,260,961</u>
Fund Balances						
Reserved for Encumbrances	23,059	4,624	0	0	637	28,320
Reserved for Inventory	270	5,695	0	0	0	5,965
Reserved for Unclaimed Monies	6,598	0	0	0	0	6,598
Unreserved, Undesignated, Reported in:						
General Fund	926,069	0	0	0	0	926,069
Special Revenue Funds	0	145,188	0	0	185,856	331,044
Capital Projects Funds	0	0	4,205	578,023	126,146	708,374
<i>Total Fund Balances</i>	<u>955,996</u>	<u>155,507</u>	<u>4,205</u>	<u>578,023</u>	<u>312,639</u>	<u>2,006,370</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,727,859</u>	<u>\$268,445</u>	<u>\$4,205</u>	<u>\$943,688</u>	<u>\$323,134</u>	<u>\$3,267,331</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2006*

Total Governmental Fund Balances		\$2,006,370
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,256,556
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:		
Investment Earnings	1,443	
Property Taxes	14,023	
Municipal Income Tax	284,236	
Intergovernmental Revenues	168,939	
Total	468,641	468,641
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Police Pension Payable	(21,410)	
Accrued Interest Payable	(13,567)	
Capital Leases Payable	(1,296,464)	
Compensated Absences Payable	(43,813)	
Vacation Benefits Payable	(44,463)	
Total	(1,419,717)	(1,419,717)
 <i>Net Assets of Governmental Activities</i>		 <u><u>\$15,311,850</u></u>

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, 2006

	General	Street	Issue II Paving	Energy and Pool Improvements	Other Governmental Funds	Total Governmental Funds
Revenues						
Property and Other Taxes	\$313,284	\$0	\$0	\$0	\$0	\$313,284
Municipal Income Tax	1,100,038	0	0	0	0	1,100,038
Motor Vehicle License Tax	0	0	0	0	36,127	36,127
Charges for Services	173,870	4,413	0	0	3,475	181,758
Fines, Licenses and Permits	198,257	0	0	0	14,262	212,519
Intergovernmental	240,093	303,621	105,092	0	24,617	673,423
Investment Earnings	92,418	3,082	0	10,394	2,821	108,715
Donations	9,886	0	0	0	6,604	16,490
Other	5,245	1,654	0	0	359	7,258
<i>Total Revenues</i>	<u>2,133,091</u>	<u>312,770</u>	<u>105,092</u>	<u>10,394</u>	<u>88,265</u>	<u>2,649,612</u>
Expenditures						
Current:						
General Government	562,391	0	0	0	0	562,391
Security of Persons and Property:						
Police	875,897	0	0	0	14,672	890,569
Fire	154,321	0	0	0	0	154,321
Public Health Services	34,176	0	0	0	0	34,176
Transportation	64,788	289,536	11,797	0	29,972	396,093
Leisure Time Activities:						
Senior Center	26,442	0	0	0	0	26,442
Parks	0	0	0	0	58,877	58,877
Pool	0	0	0	0	533	533
Capital Outlay	321,118	0	0	728,835	0	1,049,953
Intergovernmental	0	0	92,502	0	0	92,502
Debt Service:						
Principal Retirement	66,225	0	0	0	5,672	71,897
Interest and Fiscal Charges	3,197	0	0	0	57	3,254
<i>Total Expenditures</i>	<u>2,108,555</u>	<u>289,536</u>	<u>104,299</u>	<u>728,835</u>	<u>109,783</u>	<u>3,341,008</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>24,536</u>	<u>23,234</u>	<u>793</u>	<u>(718,441)</u>	<u>(21,518)</u>	<u>(691,396)</u>
Other Financing Sources (Uses)						
Proceeds from Sale of Capital Assets	3,138	0	0	0	0	3,138
Capital Lease Proceeds	0	0	0	1,296,464	0	1,296,464
Transfers In	70,000	32,000	0	0	51,000	153,000
Transfers Out	(83,000)	0	0	0	0	(83,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(9,862)</u>	<u>32,000</u>	<u>0</u>	<u>1,296,464</u>	<u>51,000</u>	<u>1,369,602</u>
<i>Net Change in Fund Balances</i>	14,674	55,234	793	578,023	29,482	678,206
<i>Fund Balances Beginning of Year</i>	941,372	118,273	3,412	0	283,157	1,346,214
Decrease in Reserve for Inventory	(50)	(18,000)	0	0	0	(18,050)
<i>Fund Balances End of Year</i>	<u>\$955,996</u>	<u>\$155,507</u>	<u>\$4,205</u>	<u>\$578,023</u>	<u>\$312,639</u>	<u>\$2,006,370</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds \$678,206

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	1,057,571	
Capital Contributions	66,771	
Depreciation	<u>(900,941)</u>	223,401

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (3,978)

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

Investment Earnings	1,110	
Property and Other Taxes	(254)	
Municipal Income Tax	27,373	
Estate Taxes	(467)	
Grants	5,495	
State Shared Revenues	(12,194)	
Tax Reimbursements	<u>(6,132)</u>	
Total		14,931

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 72,279

Capital lease proceeds are reported as an other financing source in the governmental funds, but increase long-term liabilities on the statement of net assets. (1,296,464)

Interest is reported as a program expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. (13,449)

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

Inventory	(18,050)	
Vacation Benefits Payable	341	
Compensated Absences Payable - Sick	<u>(682)</u>	
Total		<u>(18,391)</u>

Change in Net Assets of Governmental Activities (\$343,465)

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property and Other Taxes	\$267,179	\$267,179	\$313,291	\$46,112
Municipal Income Tax	1,054,823	1,054,823	1,121,392	66,569
Charges for Services	172,164	172,164	173,870	1,706
Fines, Licenses and Permits	172,273	182,273	198,624	16,351
Intergovernmental	263,849	298,849	246,057	(52,792)
Investment Earnings	60,000	60,000	91,295	31,295
Donations	6,500	6,500	9,698	3,198
Other	5,000	10,000	4,989	(5,011)
<i>Total Revenues</i>	2,001,788	2,051,788	2,159,216	107,428
Expenditures				
Current:				
General Government	597,492	628,894	563,934	64,960
Security of Persons and Property:				
Police	902,027	922,190	873,582	48,608
Fire	162,082	165,055	150,406	14,649
Public Health Services	45,116	50,387	43,015	7,372
Transportation	88,754	88,754	64,059	24,695
Leisure Time Activities - Senior Center	27,841	28,132	26,846	1,286
Capital Outlay	238,447	391,461	325,263	66,198
Debt Service:				
Principal Retirement	14,969	68,131	66,225	1,906
Interest and Fiscal Charges	3,707	4,207	3,197	1,010
<i>Total Expenditures</i>	2,080,435	2,347,211	2,116,527	230,684
<i>Excess of Revenues Over (Under) Expenditures</i>	(78,647)	(295,423)	42,689	338,112
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	3,138	3,138
Transfers In	70,000	70,000	70,000	0
Transfers Out	(108,000)	(83,193)	(83,000)	193
<i>Total Other Financing Sources (Uses)</i>	(38,000)	(13,193)	(9,862)	3,331
<i>Net Change in Fund Balance</i>	(116,647)	(308,616)	32,827	341,443
<i>Fund Balance Beginning of Year</i>	512,014	512,014	512,014	0
Prior Year Encumbrances Appropriated	192,471	192,471	192,471	0
<i>Fund Balance End of Year</i>	\$587,838	\$395,869	\$737,312	\$341,443

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Charges for Services	\$25,000	\$25,000	\$4,413	(\$20,587)
Intergovernmental	264,702	264,702	317,125	52,423
Investment Earnings	150	150	2,720	2,570
Other	0	0	354	354
<i>Total Revenues</i>	289,852	289,852	324,612	34,760
Expenditures				
Current:				
Transportation	351,720	354,649	293,159	61,490
<i>Excess of Revenues Over (Under) Expenditures</i>	(61,868)	(64,797)	31,453	96,250
Other Financing Sources				
Transfers In	55,000	55,000	32,000	(23,000)
<i>Net Change in Fund Balance</i>	(6,868)	(9,797)	63,453	73,250
<i>Fund Balance Beginning of Year</i>	32,868	32,868	32,868	0
Prior Year Encumbrances Appropriated	6,581	6,581	6,581	0
<i>Fund Balance End of Year</i>	<u>\$32,581</u>	<u>\$29,652</u>	<u>\$102,902</u>	<u>\$73,250</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2006

	Sanitation	Sewer	Water	Total Enterprise Funds
Assets				
Current:				
Equity in Pooled Cash and Cash Equivalents	\$312,628	\$412,695	\$120,580	\$845,903
Cash with Escrow Agents	0	3,340,477	2,516,875	5,857,352
Accounts Receivable	73,547	209,030	117,427	400,004
Due from Other Governments	0	131,404	0	131,404
Materials and Supplies Inventory	0	812	1,398	2,210
Restricted Assets:				
Customer Deposits	0	0	90,395	90,395
Investments	0	0	50,000	50,000
Prepaid Items	1,415	6,357	6,393	14,165
<i>Total Current Assets</i>	<u>387,590</u>	<u>4,100,775</u>	<u>2,903,068</u>	<u>7,391,433</u>
Noncurrent:				
Non-Depreciable Capital Assets	0	1,088,311	1,075,348	2,163,659
Depreciable Capital Assets, Net	0	3,636,719	3,587,136	7,223,855
<i>Total Noncurrent Assets</i>	<u>0</u>	<u>4,725,030</u>	<u>4,662,484</u>	<u>9,387,514</u>
<i>Total Assets</i>	<u>387,590</u>	<u>8,825,805</u>	<u>7,565,552</u>	<u>16,778,947</u>
Liabilities				
Current:				
Accounts Payable	23,783	14,767	4,429	42,979
Contracts Payable	0	204,657	119,639	324,296
Accrued Wages	363	14,129	4,478	18,970
Retainage Payable	0	47,655	43,562	91,217
Accrued Interest Payable	0	43,098	33,203	76,301
Vacation Benefits Payable	1,392	21,684	9,260	32,336
Due to Other Governments	421	16,021	5,872	22,314
Capital Lease Payable	0	81,398	64,960	146,358
Loans Payable	0	47,521	38,603	86,124
Issue II Loans Payable	0	4,495	1,810	6,305
<i>Total Current Liabilities</i>	<u>25,959</u>	<u>495,425</u>	<u>325,816</u>	<u>847,200</u>
Long-Term:				
Customer Deposits Payable from Restricted Assets	0	0	140,395	140,395
Capital Lease Payable	0	3,928,793	3,135,366	7,064,159
Loans Payable	0	280,084	500,157	780,241
Issue II Loans Payable	0	176,455	61,151	237,606
Compensated Absences Payable	579	11,199	2,033	13,811
<i>Total Long-Term Liabilities</i>	<u>579</u>	<u>4,396,531</u>	<u>3,839,102</u>	<u>8,236,212</u>
<i>Total Liabilities</i>	<u>26,538</u>	<u>4,891,956</u>	<u>4,164,918</u>	<u>9,083,412</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt Unrestricted	0	3,513,537	3,350,581	6,864,118
	361,052	420,312	50,053	831,417
<i>Total Net Assets</i>	<u>\$361,052</u>	<u>\$3,933,849</u>	<u>\$3,400,634</u>	<u>\$7,695,535</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2006*

	Sanitation	Sewer	Water	Total Enterprise Funds
Operating Revenues				
Charges for Services	\$732,366	\$1,236,808	\$669,415	\$2,638,589
Other Operating Revenues	0	0	535	535
<i>Total Operating Revenues</i>	<u>732,366</u>	<u>1,236,808</u>	<u>669,950</u>	<u>2,639,124</u>
Operating Expenses				
Salaries and Wages	8,104	297,652	112,467	418,223
Fringe Benefits	3,673	134,028	51,741	189,442
Contractual Services	635,620	372,425	186,571	1,194,616
Materials and Supplies	4,636	89,645	82,107	176,388
Depreciation	0	156,940	103,717	260,657
<i>Total Operating Expenses</i>	<u>652,033</u>	<u>1,050,690</u>	<u>536,603</u>	<u>2,239,326</u>
<i>Operating Income</i>	<u>80,333</u>	<u>186,118</u>	<u>133,347</u>	<u>399,798</u>
Non-Operating Revenues (Expenses)				
Investment Earnings	0	32,149	25,656	57,805
Interest and Fiscal Charges	0	(25,996)	(48,411)	(74,407)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>0</u>	<u>6,153</u>	<u>(22,755)</u>	<u>(16,602)</u>
<i>Income Before Contributions and Transfers</i>	80,333	192,271	110,592	383,196
Capital Contributions	0	0	15,835	15,835
Transfers Out	(70,000)	0	0	(70,000)
<i>Change in Net Assets</i>	10,333	192,271	126,427	329,031
<i>Net Assets Beginning of Year</i>	<u>350,719</u>	<u>3,741,578</u>	<u>3,274,207</u>	<u>7,366,504</u>
<i>Net Assets End of Year</i>	<u><u>\$361,052</u></u>	<u><u>\$3,933,849</u></u>	<u><u>\$3,400,634</u></u>	<u><u>\$7,695,535</u></u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2006

	Sanitation	Sewer	Water	Total Enterprise Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$741,129	\$1,109,867	\$632,906	\$2,483,902
Cash Payments for Employee Services and Benefits	(11,120)	(419,277)	(160,281)	(590,678)
Cash Payments to Suppliers for Goods and Services	(638,410)	(457,693)	(261,347)	(1,357,450)
Other Operating Revenues	0	0	535	535
Customer Deposits Received	0	0	13,170	13,170
Customer Deposits Returned	0	0	(2,351)	(2,351)
<i>Net Cash Provided by Operating Activities</i>	<u>91,599</u>	<u>232,897</u>	<u>222,632</u>	<u>547,128</u>
Cash Flows from Noncapital Financing Activities:				
Transfers Out	(70,000)	0	0	(70,000)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	0	(866,902)	(748,227)	(1,615,129)
Capital Lease Proceeds	0	4,010,191	3,200,326	7,210,517
Principal Paid on Debt	0	(117,548)	(421,932)	(539,480)
Interest Paid on Debt	0	(23,358)	(47,374)	(70,732)
Capital Contributions	0	0	15,835	15,835
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>0</u>	<u>3,002,383</u>	<u>1,998,628</u>	<u>5,001,011</u>
Cash Flows from Investing Activities:				
Investment Earnings	0	32,149	25,656	57,805
<i>Net Increase in Cash and Cash Equivalents</i>	21,599	3,267,429	2,246,916	5,535,944
<i>Cash and Cash Equivalents Beginning of Year</i>	291,029	485,743	480,934	1,257,706
<i>Cash and Cash Equivalents End of Year</i>	<u>\$312,628</u>	<u>\$3,753,172</u>	<u>\$2,727,850</u>	<u>\$6,793,650</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
<i>Operating Income</i>	\$80,333	\$186,118	\$133,347	\$399,798
Adjustments:				
Depreciation	0	156,940	103,717	260,657
(Increase)/Decrease in Assets:				
Accounts Receivable	8,763	(39,646)	(28,921)	(59,804)
Intergovernmental Receivable	0	(87,295)	0	(87,295)
Materials and Supplies Inventory	0	332	(1,296)	(964)
Prepaid Items	(281)	(111)	(180)	(572)
Increase/(Decrease) in Liabilities:				
Accounts Payable	2,127	3,983	1,144	7,254
Accrued Wages	65	1,711	249	2,025
Compensated Absences Payable	163	853	321	1,337
Customer Deposits	0	0	10,819	10,819
Vacation Benefits Payable	208	1,679	384	2,271
Due to Other Governments	221	8,333	3,048	11,602
<i>Net Cash Provided by Operating Activities</i>	<u>\$91,599</u>	<u>\$232,897</u>	<u>\$222,632</u>	<u>\$547,128</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2006

Assets	
Equity Pooled in Cash and Cash Equivalents	\$55,670
Cash and Cash Equivalents in Segregated Accounts	<u>2,408</u>
<i>Total Assets</i>	<u><u>\$58,078</u></u>
Liabilities	
Due to Other Governments	\$57,428
Due to Others	<u>650</u>
<i>Total Liabilities</i>	<u><u>\$58,078</u></u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

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

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

B. Fund Accounting

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

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

General Fund The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Energy and Pool Improvements Fund This fund accounts for capital lease proceeds and investment earnings that are used for energy savings projects and pool improvements.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

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

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

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. There are four categories of fiduciary funds; pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds. The City's agency funds account for grant money passed through for a scenic route project, payroll activity, pass through grants for paving projects, and mayor's court collections that are distributed to various local governments.

C. Measurement Focus

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

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

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met also have been recorded as deferred revenue.

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

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

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

E. Budget Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. The City Auditor has been authorized to allocate appropriations to the department and object 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. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

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

Cash held separately for the City by escrow agents and not held with the City Treasurer are recorded as "Cash with Escrow Agents".

During 2006, investments were limited to certificates of deposit, which are reported at cost.

Following the Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the General Fund and Street and State Highway Special Revenue Funds. Interest revenue credited to the General Fund during 2006 amounted to \$92,418, which includes \$66,975 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

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

Inventory consists of expendable supplies held for consumption.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

I. Restricted Assets

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

J. Capital Assets

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

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

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

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

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, inventories, and unclaimed monies.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net assets reports \$434,206 of restricted net assets, of which none is restricted by enabling legislation. Net assets restricted for other purposes include activities related to the mayor's court, the City's parks and pool, and law enforcement.

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

Contributions of capital in the proprietary fund financial statements can arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions during 2006 arose from tap-in fees.

Q. Internal Activity

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities.

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

R. Estimates

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

Note 3 - Budgetary Basis of Accounting

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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

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

Net Change in Fund Balance

	General	Street
GAAP Basis	\$14,674	\$55,234
Net Adjustment for Revenue Accruals	36,550	(2,757)
Beginning of Year:		
Unrecorded Cash	6,435	15,097
Prepaid Items	33,708	4,447
Segregated Accounts	9,891	0
End of Year:		
Unrecorded Cash	(17,309)	(498)
Prepaid Items	(31,898)	(4,636)
Segregated Accounts	(9,442)	0
Net Adjustment for Expenditure Accruals	20,269	2,356
Encumbrances	(30,051)	(5,790)
Budget Basis	\$32,827	\$63,453

Note 4 - Changes in Accounting Principles

For 2006, the City has implemented GASB Statement No. 47, "Accounting for Termination Benefits." The implementation of this statement had no effect on the financial statements.

Note 5 - Compliance

The following fund had original appropriations in excess of original estimated revenues plus available balances for the year ended December 31, 2006:

	Estimated Revenues plus Balances	Appropriations plus Encumbrances	Excess
Issue II Paving Capital Projects Fund	\$639,673	\$657,147	(\$17,474)

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

This City will more closely monitor budgetary procedures pertaining to violations of this nature in the future.

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, the carrying amount of the City's deposits was \$9,047,535 and the bank balance was \$9,248,849. Of the bank balance, \$464,018 was covered by Federal depository insurance; \$2,083,791 was exposed to custodial credit risk because it was uninsured and collateralized with securities held in single financial institution collateral pools in the name of the respective depository bank and pledged as a pool of collateral against all the public moneys it holds; and \$6,701,040 was also exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 7 - Receivables

Receivables at December 31, 2006, consisted of municipal income taxes, property and other taxes, permissive tax, accounts (billings for user charged services including unbilled utility services), intergovernmental receivables arising from entitlements and shared revenues, and accrued interest on investments. No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables are expected to be collected within one year.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets other than inventory, which was assessed at 23 percent. The tangible personal property tax is being phased out - the assessment percentage of all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

The full tax rate for all City operations for the year ended December 31, 2006, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$91,629,970
Public Utility Property	2,801,140
Tangible Personal Property	4,526,780
	<u>\$98,957,890</u>

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Belpre. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2006, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue, while the remainder of the receivable has been deferred.

B. Income Taxes

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

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

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Gasoline Tax	\$84,501
Local Government	75,354
Excise Tax	46,291
Motor Vehicle License Tax	28,799
Rollback and Homestead	12,518
Estate Tax	10,770
Other	7,588
Medicare and Medicaid Reimbursements	6,171
Personal Property Tax Exemption	1,016
Public Utility Reimbursements	973
	273,981
Business-Type Activities	
Sewer Services to Washington County	131,404
	\$405,385

Note 8 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the City contracted with Arch Insurance Company for various types of insurance as follows:

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Type of Coverage	Limit	Aggregate	Deductible
Property:			
Building and Contents	\$15,584,000		\$1,000
Earthquake	1,000,000		25,000
Boiler and Machinery	100,000		500
Valuable Papers and Records	250,000		1,000
Business Income	100,000		0
Accounts Receivable	250,000		1,000
Power Interruption	25,000		1,000
Backup of Sewers and Drains	25,000		1,000
Computer Equipment	250,000		1,000
Building Ordinance or Law	250,000		1,000
Extra Expenses	500,000		1,000
Liability:			
Umbrella	2,000,000 per Occurrence	\$2,000,000	10,000
General	1,000,000 per Occurrence	3,000,000	1,000
Employee Benefits	1,000,000 per Occurrence	3,000,000	1,000
Public Officials Wrongful Acts	1,000,000 per Occurrence	1,000,000	2,500
Police Professional	1,000,000 per Occurrence	1,000,000	2,500
Ohio Stop Gap	1,000,000 per Occurrence	1,000,000	0
Fire Damage	50,000 per Occurrence		1,000
Medical Expense	10,000 per Person		1,000
Sewer Limitation	100,000		0
Vehicle:			
Liability	1,000,000		0
Medical Expense	5,000		0
Uninsured/Underinsured	0		0
Hired Car Physical Damage	35,000		
Comprehensive; Collision			250;500
Employee or Volunteer Auto Personal			
Effects - Comprehensive; Collision	500		250;500
Crime:			
Inside/Outside	25,000		250
Employee Dishonesty Blanket	100,000		250
Forgery and Alterations	100,000		250
Optional Tax	10,000		250
Inland Marine:			
Property not Licensed for Highway Use	1,547,183		500
Miscellaneous Equipment	200,000		1,000
Emergency Portable Equipment	150,000		1,000
Canine	10,000		500
Rented Equipment	50,000		0
Grounds/Maintenance Equipment	100,000		0

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

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 9 - Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/05	Increases	Decreases	Balance 12/31/06
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$2,024,318	\$0	\$0	\$2,024,318
Construction in Progress	302,016	782,094	317,784	766,326
Total Capital Assets not being Depreciated	<u>2,326,334</u>	<u>782,094</u>	<u>317,784</u>	<u>2,790,644</u>
Capital Assets being Depreciated:				
Buildings and Improvements	3,028,684	51,896	0	3,080,580
Machinery and Equipment	1,022,731	47,388	42,246	1,027,873
Vehicles	1,766,687	242,964	48,698	1,960,953
U.S. and State Roads	6,100,176	0	0	6,100,176
City Streets	13,962,384	317,784	0	14,280,168
Street Signals	585,718	0	0	585,718
Total Capital Assets being Depreciated	<u>26,466,380</u>	<u>660,032</u>	<u>90,944</u>	<u>27,035,468</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,293,110)	(76,435)	0	(1,369,545)
Machinery and Equipment	(783,398)	(38,871)	(38,268)	(784,001)
Vehicles	(1,394,705)	(87,647)	(48,698)	(1,433,654)
U.S. and State Roads	(3,456,766)	(203,339)	0	(3,660,105)
City Streets	(7,509,965)	(475,077)	0	(7,985,042)
Street Signals	(317,637)	(19,572)	0	(337,209)
Total Accumulated Depreciation	<u>(14,755,581)</u>	<u>(900,941) *</u>	<u>(86,966)</u>	<u>(15,569,556)</u>
Total Capital Assets being Depreciated, Net	<u>11,710,799</u>	<u>(240,909)</u>	<u>3,978</u>	<u>11,465,912</u>
Governmental Activities Capital Assets, Net	<u>\$14,037,133</u>	<u>\$541,185</u>	<u>\$321,762</u>	<u>\$14,256,556</u>

* Depreciation expense was charged to governmental programs as follows:

General Government	\$13,509
Security of Persons and Property:	
Police	40,482
Fire	58,187
Public Health Services	369
Transportation	731,238
Leisure Time Activities:	
Senior Center	2,191
Parks	46,117
Pool	8,848
Total Depreciation Expense	<u>\$900,941</u>

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

During 2006, the Belpre Volunteer Fire Fighters, Inc., donated to the City of Belpre a \$60,695 emergency squad and radio equipment of \$2,680. Also, the Washington County Commissioners acquired 911 phone equipment for the City in the amount of \$3,396.

	Balance 12/31/05	Increases	Decreases	Balance 12/31/06
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$250,754	\$0	\$0	\$250,754
Construction in Progress	202,487	1,935,234	224,816	1,912,905
Total Capital Assets not being Depreciated	<u>453,241</u>	<u>1,935,234</u>	<u>224,816</u>	<u>2,163,659</u>
Capital Assets being Depreciated:				
Buildings and Improvements	793,851	1,566	0	795,417
Machinery and Equipment	1,670,739	77,982	1,700	1,747,021
Vehicles	140,850	0	0	140,850
Infrastructure	9,025,862	242,066	0	9,267,928
Total Capital Assets being Depreciated	<u>11,631,302</u>	<u>321,614</u>	<u>1,700</u>	<u>11,951,216</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(178,604)	(15,037)	0	(193,641)
Machinery and Equipment	(1,195,241)	(64,223)	(1,700)	(1,257,764)
Vehicles	(94,963)	(11,985)	0	(106,948)
Infrastructure	(2,999,596)	(169,412)	0	(3,169,008)
Total Accumulated Depreciation	<u>(4,468,404)</u>	<u>(260,657)</u>	<u>(1,700)</u>	<u>(4,727,361)</u>
Total Capital Assets being Depreciated, Net	<u>7,162,898</u>	<u>60,957</u>	<u>0</u>	<u>7,223,855</u>
Business-Type Activities Capital Assets, Net	<u><u>\$7,616,139</u></u>	<u><u>\$1,996,191</u></u>	<u><u>\$224,816</u></u>	<u><u>\$9,387,514</u></u>

Note 10 - Employee Benefits

A. Insurance

The City provides \$25,000 in life insurance and accidental death and dismemberment insurance to its full-time non-union employees and for all elected officials through American United Life Insurance. For the union employees, \$15,000 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 Cardinal Health Care and for police through the United Food & Commercial Worker's Union. The City pays 85% of the total monthly premium for the first plan and 100% of the monthly premium for the second plan. Premiums are paid from the same funds that pay the employees' salaries.

B. Compensated Absences

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 11 - Interfund Activity

Interfund transfers for the year ended December 31, 2006, consisted of the following:

Transfers to	Transfers from		
	General	Sanitation	Total
General	\$0	\$70,000	\$70,000
Street	32,000	0	32,000
Parks and Recreation	51,000	0	51,000
	\$83,000	\$70,000	\$153,000

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 Parks and Recreation Special Revenue Fund was made to supplement a revenue shortfall and to the Street Special Revenue Fund to supplement the operations of the street department. After making all required expenses from the Sanitation Enterprise Fund, the City made its yearly transfer to the General Fund for \$70,000 to supplement expenditures.

Note 12 – Capital Leases – Lessee Disclosure

During 2006, the City entered into a capitalized lease for energy and pool improvements. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. No principal payments were made in 2006. Under the terms of the capital lease, the lessor deposited the amount sufficient to capitalize the entire cost of the construction under the lease in an interest-bearing escrow account established by a bank escrow agent and held for the benefit of the City of Belpre. The City requests the escrow agent to disburse payments to the contractor during the construction period as work is completed.

The assets constructed through the capital lease were not complete at year end and are therefore recorded as construction in progress as follows:

	Governmental Activities	Business-Type Activities
Property under Capital Lease	\$728,835	\$1,896,805
Less Accumulated Depreciation	0	0
Total at December 31, 2006	\$728,835	\$1,896,805

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2006:

Year Ending December 31,	Governmental Activities	Business-Type Activities	Total
2007	\$93,570	\$520,404	\$613,974
2008	159,065	884,670	1,043,735
2009	159,065	884,670	1,043,735
2010	159,065	884,670	1,043,735
2011	159,065	884,670	1,043,735
2012-2016	795,326	4,423,351	5,218,677
2017	119,300	663,502	782,802
Total Minimum Lease Payments	1,644,456	9,145,937	10,790,393
Less: Amount Representing Interest	(347,992)	(1,935,420)	(2,283,412)
Present Value of Net Minimum Lease Payments	<u>\$1,296,464</u>	<u>\$7,210,517</u>	<u>\$8,506,981</u>

Note 13 - Long-Term Obligations

A schedule of changes in long-term obligations of the City during 2006 follows:

	Principal Outstanding 12/31/05	Additions	Deletions	Principal Outstanding 12/31/06	Amounts Due in One Year
Governmental Activities:					
City Building Loan - 5.42%	\$66,225	\$0	\$66,225	\$0	\$0
Issue II Paving Loan - 2%	5,672	0	5,672	0	0
Total Loans	<u>71,897</u>	<u>0</u>	<u>71,897</u>	<u>0</u>	<u>0</u>
Capital Lease	0	1,296,464	0	1,296,464	26,316
Police Pension	21,792	0	382	21,410	398
Compensated Absences - Sick	43,131	682	0	43,813	0
Total Governmental Activities	<u>\$136,820</u>	<u>\$1,297,146</u>	<u>\$72,279</u>	<u>\$1,361,687</u>	<u>\$26,714</u>
Business-Type Activities:					
City Building Loan - 5.42%	\$132,450	\$0	\$132,450	\$0	\$0
Issue II Water Well - 2%	66,527	0	3,566	62,961	1,810
Water Lines Loan - 6.04%	76,876	0	76,876	0	0
New Water Tank Loan - 4.52%	575,578	0	36,818	538,760	38,603
Repaint Old Water Tank Loan - 4.75%	237,372	0	237,372	0	0
Issue II Treatment Plant - 2%	189,807	0	8,857	180,950	4,495
Treatment Plant Loan - 4.89%	368,996	0	41,391	327,605	47,521
Total Loans	<u>1,647,606</u>	<u>0</u>	<u>537,330</u>	<u>1,110,276</u>	<u>92,429</u>
Capital Lease	0	7,210,517	0	7,210,517	146,358
Contract Payable	4,300	0	2,150	2,150	2,150
Compensated Absences - Sick	12,474	1,337	0	13,811	0
Total Business-Type Activities	<u>\$1,664,380</u>	<u>\$7,211,854</u>	<u>\$539,480</u>	<u>\$8,336,754</u>	<u>\$240,937</u>

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

The police pension is paid from general property tax revenues from the General Fund. The police pension liability payments are reflected as program expenditures. Capital leases will be paid from energy savings from the Energy and Pool Improvements Capital Projects Fund and the Water and Sewer Enterprise Funds. Compensated absences for sick leave liabilities will be paid from the General Fund, Street Special Revenue Fund, and Sanitation, Sewer, and Water Enterprise Funds. Since at year end the City's management had not received notice of any employee's intent to retire in 2007, no amounts for sick leave benefits liability are considered to be due within one year.

The City Building Construction Capital Projects Fund received the city building loan proceeds, which were issued on August 10, 1999, for \$400,000. The loan was equally paid from three funds as follows: from income tax revenues of the General Fund and charges for services from the Sewer and Water Enterprise Funds.

The Issue II paving loan, issued on March 23, 1998, for \$74,500, was repaid from motor vehicle license revenue of the Permissive Tax Special Revenue Fund. This paving project resurfaced and improved Blennerhassett Avenue and George Street Extension.

The final draw on the Issue II water well loan was received on September 18, 2000. The full amount of the loan was \$80,103 and was used for improvements to the water well. In 1999, the City issued notes for \$233,000, representing its portion of the Issue II water well project, for water line connected to the project. Charges for services in the Water Enterprise Fund will repay these obligations.

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

On August 20, 2004, the City was approved for a \$245,000 loan to repaint the existing water storage tank. Since the project will be completed under budget, the City did not borrow the full amount of the approved loan. The amount borrowed was \$244,184. Charges for services in the Water Enterprise Fund repaid this obligation.

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

The City entered into an agreement for the purchase of a \$10,750 meter reading system for the Water and Sewer Enterprise Funds. Under the agreement, the City makes five annual payments of \$2,150, which started in 2003.

The City's overall legal debt margin was \$10,390,579 at December 31, 2006.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Principal and interest requirements to retire the police pension liability at December 31, 2006, are as follows:

Year	Principal	Interest	Total
2007	\$398	\$906	\$1,304
2008	416	888	1,304
2009	433	871	1,304
2010	452	852	1,304
2011	471	833	1,304
2012-2035	19,240	11,345	30,585
	<u>\$21,410</u>	<u>\$15,695</u>	<u>\$37,105</u>

Principal and interest requirements to retire the Issue II water well loan at December 31, 2006, are as follows:

Year	Principal	Interest	Total
2007	\$1,810	\$630	\$2,440
2008	3,674	1,205	4,879
2009	3,749	1,131	4,880
2010	3,823	1,056	4,879
2011	3,901	979	4,880
2012-2016	20,711	3,685	24,396
2017-2021	22,878	1,518	24,396
2022	2,415	24	2,439
	<u>\$62,961</u>	<u>\$10,228</u>	<u>\$73,189</u>

Principal and interest requirements to retire the new water storage tank loan at December 31, 2006, are as follows:

Year	Principal	Interest	Total
2007	\$38,603	\$21,600	\$60,203
2008	43,972	21,704	65,676
2009	46,002	19,674	65,676
2010	48,125	17,551	65,676
2011	50,345	15,331	65,676
2012-2016	288,799	39,581	328,380
2017	22,914	228	23,142
	<u>\$538,760</u>	<u>\$135,669</u>	<u>\$674,429</u>

Principal and interest requirements to retire the Issue II treatment plant loan at December 31, 2006, are as follows:

Year	Principal	Interest	Total
2007	\$4,495	\$1,809	\$6,304
2008	9,125	3,484	12,609
2009	9,308	3,300	12,608
2010	9,495	3,114	12,609
2011	9,686	2,922	12,608
2012-2016	51,432	11,612	63,044
2017-2021	56,812	6,231	63,043
2022-2024	30,597	924	31,521
	<u>\$180,950</u>	<u>\$33,396</u>	<u>\$214,346</u>

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Principal and interest requirements to retire the sewer treatment plant loan at December 31, 2006, are as follows:

Year	Principal	Interest	Total
2007	\$47,521	\$14,963	\$62,484
2008	49,899	12,585	62,484
2009	52,393	10,091	62,484
2010	55,015	7,469	62,484
2011	57,765	4,719	62,484
2012-2013	65,012	1,830	66,842
	\$327,605	\$51,657	\$379,262

Note 14 - Contractual Commitments

As of December 31, 2006, the City had contractual commitments for the following projects:

	Contractual Commitment	Expended	Balance Remaining
General Fund:			
Clement Avenue Paving	\$58,761	\$12,260	\$46,501
Washington Boulevard and Farson Street Intersection	48,000	25,231	22,769
Energy and Pool Improvements			
Capital Projects Fund:			
Pool	876,267	410,600	465,667
Energy Savings	415,892	318,235	97,657
Sewer Enterprise Fund:			
Sewer Plant Improvements	4,179,953	1,009,506	3,170,447
Water Enterprise Fund:			
Water Plant, Meter, and Line Replacements	3,323,064	903,399	2,419,665
Total	\$8,901,937	\$2,679,231	\$6,222,706

Note 15 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2006, the members of all three plans were required to contribute 9 percent of their annual covered salaries. The City's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004, were \$72,243, \$90,054, and \$85,138, respectively; 74.56 percent has been contributed for 2006 and 100 percent for 2005 and 2004. There were no member-directed plan contributions for 2006 for the City of Belpre.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to OP&F for police and firefighters were \$59,158 and \$6,083 for the year ended December 31, 2006, \$60,947 and \$6,967 for the year ended December 31, 2005, and \$59,322 and \$6,261 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 82.80 percent and 74.80 percent has been contributed for 2006.

Note 16 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$35,336. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$39,019 for police and \$2,901 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2006

Note 17 - Jointly Governed Organizations

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

The Community Action Program Corporation of Washington-Morgan Counties, Ohio, is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program; the Community Action Bus Line (CABL); the Child Development Program; the Senior Nutrition Program; Women, Infants and Children's Supplemental Nutrition Program; the Home Weatherization Assistance and Energy Program; the Job Training and Partnership Act Program; Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program; and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Belpre and Washington and Morgan Counties, provides administrative services to these governments in specific programs. During 2006, the Corporation did not receive any administrative fees from the City. These fees were received by the Corporation directly from the granting agencies. The continued existence of the Corporation is not dependent on the City's continued participation and the City does not have an equity interest in the Corporation.

B. Wood, Washington, and Wirt Planning Commission

The Wood, Washington, and Wirt Planning Commission was created to fulfill the requirements governing urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration program regulations in Wood, Washington, and Wirt Counties. The Commission was formed pursuant to West Virginia Code Sections and Ohio Revised Code Section 713.30 and serves as a form of a regional planning commission. The Commission is composed of representatives from county and city governments and a cross section of members from the community appointed by the governmental units. Currently, the Commission has eight governmental representatives including the Mayor of the City of Belpre. Revenues are derived from Federal Highway and Federal Transportation Administration Grants distributed by the States of Ohio and West Virginia. Local governments contribute a ten percent local match. During 2006, the City of Belpre contributed \$2,178. The continued existence of the Commission is not dependent on the City's continued participation and the City does not have an equity interest in the Commission.

Note 18 - Contingent Liabilities

A. Litigation

The City of Belpre currently is party to legal proceedings seeking damages against the City as confirmed by the City Law Director.

B. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2006, the audits of certain of these programs have not been completed. Accordingly, the City's compliance with applicable grant requirements will be established at some future date.

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Combining Statements and Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that is legally restricted to expenditures for specified purposes.

Permissive Tax - To account for monies received from two additional \$5 motor vehicle licenses fess, one imposed by Washington County and one by the City. The monies are used for the maintenance of public roads, highways, and streets within the City.

State Highway - Required by the Ohio Revised Code to account for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Law Enforcement Trust - Required by the Ohio Revised Code to account for monies received from Federal Law Enforcement agencies designated for law enforcement purposes.

Enforcement and Education - To account for money confiscated during drug busts that is used for future drug enforcement and for drug education programs.

Mayor's Court Computerization - To account for a fee not to exceed \$3 per case for the purpose of computerizing the court and making computer research services available to the court.

Clerk Computerization - To account for a fee not to exceed \$10 per case for the purpose of computerizing the office of the clerk of the mayor's court.

Parks and Recreation - To account for donations and rental payments used for the operation of the City parks.

Pool - To account for receipts from pool passes and rentals to operate the City's swimming pool.

Nonmajor Capital Projects Fund

Pool Construction - To account for State grants and donations for the future construction of a new City municipal swimming pool.

City of Belpre, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Special Revenue			
	Permissive Tax	State Highway	Law Enforcement Trust	Enforcement and Education
Assets				
Equity in Pooled Cash and Cash Equivalents	\$86,832	\$55,348	\$4,712	\$1,010
Cash and Cash Equivalent in Segregated Accounts	0	0	0	0
Permissive Tax Receivable	3,173	0	0	0
Accounts Receivable	0	0	0	0
Due from Other Governments	0	11,967	0	0
Prepaid Items	0	0	0	0
<i>Total Assets</i>	\$90,005	\$67,315	\$4,712	\$1,010
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$21	\$0	\$0
Due to Other Governments	0	0	0	0
Deferred Revenue	0	7,774	0	0
<i>Total Liabilities</i>	0	7,795	0	0
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated, Reported in Special Revenue Funds	90,005	59,520	4,712	1,010
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	90,005	59,520	4,712	1,010
<i>Total Liabilities and Fund Balances</i>	\$90,005	\$67,315	\$4,712	\$1,010

<u>Funds</u>					
<u>Mayor's Court Computerization</u>	<u>Clerk Computerization</u>	<u>Parks and Recreation</u>	<u>Pool</u>	<u>Pool Construction Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$850	\$4,512	\$20,871	\$2,406	\$126,146	\$302,687
213	778	0	0	0	991
0	0	0	0	0	3,173
0	0	96	0	0	96
0	0	0	0	0	11,967
0	0	4,220	0	0	4,220
<u>\$1,063</u>	<u>\$5,290</u>	<u>\$25,187</u>	<u>\$2,406</u>	<u>\$126,146</u>	<u>\$323,134</u>
\$0	\$0	\$832	\$14	\$0	\$867
0	794	1,060	0	0	1,854
0	0	0	0	0	7,774
0	794	1,892	14	0	10,495
0	0	637	0	0	637
1,063	4,496	22,658	2,392	0	185,856
0	0	0	0	126,146	126,146
1,063	4,496	23,295	2,392	126,146	312,639
<u>\$1,063</u>	<u>\$5,290</u>	<u>\$25,187</u>	<u>\$2,406</u>	<u>\$126,146</u>	<u>\$323,134</u>

City of Belpre, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Special Revenue			
	Permissive Tax	State Highway	Law Enforcement Trust	Enforcement and Education
Revenues				
Motor Vehicle License Tax	\$36,127	\$0	\$0	\$0
Charges for Services	0	0	0	0
Fines, Licenses and Permits	0	0	400	200
Intergovernmental	0	24,617	0	0
Investment Earnings	0	2,821	0	0
Donations	0	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>36,127</u>	<u>27,438</u>	<u>400</u>	<u>200</u>
Expenditures				
Current:				
Security of Persons and Property - Police	0	0	2,513	0
Transportation	3,971	26,001	0	0
Leisure Time Activities:				
Parks	0	0	0	0
Pool	0	0	0	0
Debt Service:				
Principal Retirement	5,672	0	0	0
Interest and Fiscal Charges	57	0	0	0
<i>Total Expenditures</i>	<u>9,700</u>	<u>26,001</u>	<u>2,513</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	26,427	1,437	(2,113)	200
Other Financing Sources				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	26,427	1,437	(2,113)	200
<i>Fund Balances Beginning of Year</i>	<u>63,578</u>	<u>58,083</u>	<u>6,825</u>	<u>810</u>
<i>Fund Balances End of Year</i>	<u><u>\$90,005</u></u>	<u><u>\$59,520</u></u>	<u><u>\$4,712</u></u>	<u><u>\$1,010</u></u>

Funds					
Mayor's Court Computerization	Clerk Computerization	Parks and Recreation	Pool	Pool Construction Capital Projects	Total Nonmajor Governmental Funds
\$0	\$0	\$0	\$0	\$0	\$36,127
0	0	3,475	0	0	3,475
3,111	10,551	0	0	0	14,262
0	0	0	0	0	24,617
0	0	0	0	0	2,821
0	0	6,357	0	247	6,604
0	0	0	359	0	359
<u>3,111</u>	<u>10,551</u>	<u>9,832</u>	<u>359</u>	<u>247</u>	<u>88,265</u>
2,733	9,426	0	0	0	14,672
0	0	0	0	0	29,972
0	0	58,877	0	0	58,877
0	0	0	533	0	533
0	0	0	0	0	5,672
0	0	0	0	0	57
<u>2,733</u>	<u>9,426</u>	<u>58,877</u>	<u>533</u>	<u>0</u>	<u>109,783</u>
378	1,125	(49,045)	(174)	247	(21,518)
0	0	51,000	0	0	51,000
378	1,125	1,955	(174)	247	29,482
685	3,371	21,340	2,566	125,899	283,157
<u>\$1,063</u>	<u>\$4,496</u>	<u>\$23,295</u>	<u>\$2,392</u>	<u>\$126,146</u>	<u>\$312,639</u>

Funds					
Mayor's Court Computerization	Clerk Computerization	Parks and Recreation	Pool	Pool Construction Capital Projects	Total Nonmajor Governmental Funds
\$0	\$0	\$0	\$0	\$0	\$36,127
0	0	3,475	0	0	3,475
3,111	10,551	0	0	0	14,262
0	0	0	0	0	24,617
0	0	0	0	0	2,821
0	0	6,357	0	247	6,604
0	0	0	359	0	359
<u>3,111</u>	<u>10,551</u>	<u>9,832</u>	<u>359</u>	<u>247</u>	<u>88,265</u>
2,733	9,426	0	0	0	14,672
0	0	0	0	0	29,972
0	0	58,877	0	0	58,877
0	0	0	533	0	533
0	0	0	0	0	5,672
0	0	0	0	0	57
<u>2,733</u>	<u>9,426</u>	<u>58,877</u>	<u>533</u>	<u>0</u>	<u>109,783</u>
378	1,125	(49,045)	(174)	247	(21,518)
0	0	51,000	0	0	51,000
378	1,125	1,955	(174)	247	29,482
685	3,371	21,340	2,566	125,899	283,157
<u>\$1,063</u>	<u>\$4,496</u>	<u>\$23,295</u>	<u>\$2,392</u>	<u>\$126,146</u>	<u>\$312,639</u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property and Other Taxes	\$267,179	\$267,179	\$313,291	\$46,112
Municipal Income Tax	1,054,823	1,054,823	1,121,392	66,569
Charges for Services	172,164	172,164	173,870	1,706
Fines, Licenses and Permits	172,273	182,273	198,624	16,351
Intergovernmental	263,849	298,849	246,057	(52,792)
Investment Earnings	60,000	60,000	91,295	31,295
Donations	6,500	6,500	9,698	3,198
Other	5,000	10,000	4,989	(5,011)
<i>Total Revenues</i>	2,001,788	2,051,788	2,159,216	107,428
Expenditures				
Current:				
General Government:				
Council:				
Salaries and Wages	28,876	28,876	28,660	216
Fringe Benefits	5,157	5,637	5,588	49
Materials and Supplies	11,109	11,107	6,044	5,063
Total Council	45,142	45,620	40,292	5,328
Mayor:				
Salaries and Wages	42,021	42,021	40,521	1,500
Fringe Benefits	14,932	16,003	14,042	1,961
Materials and Supplies	1,600	1,138	487	651
Capital Outlay	1,400	1,450	1,450	0
Total Mayor	59,953	60,612	56,500	4,112
Auditor and Treasurer:				
Materials and Supplies	28,625	28,625	12,362	16,263
Total Auditor and Treasurer	28,625	28,625	12,362	16,263
Auditor:				
Salaries and Wages	106,969	113,721	113,721	0
Fringe Benefits	54,560	57,855	46,306	11,549
Materials and Supplies	25,160	25,368	14,974	10,394
Total Auditor	\$186,689	\$196,944	\$175,001	\$21,943

(continued)

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Over (Under)
Treasurer:				
Salaries and Wages	\$3,403	\$3,403	\$3,403	\$0
Fringe Benefits	812	867	666	201
Materials and Supplies	190	190	0	190
Total Treasurer	<u>4,405</u>	<u>4,460</u>	<u>4,069</u>	<u>391</u>
Law Director:				
Salaries and Wages	52,945	52,945	52,945	0
Fringe Benefits	49,318	51,714	46,960	4,754
Total Law Director	<u>102,263</u>	<u>104,659</u>	<u>99,905</u>	<u>4,754</u>
Civil Service:				
Salaries and Wages	1,750	1,750	563	1,187
Fringe Benefits	367	367	90	277
Materials and Supplies	1,500	1,500	478	1,022
Total Civil Service	<u>3,617</u>	<u>3,617</u>	<u>1,131</u>	<u>2,486</u>
Inspectors:				
Salaries and Wages	1,950	1,950	584	1,366
Total Inspectors	<u>1,950</u>	<u>1,950</u>	<u>584</u>	<u>1,366</u>
City Building:				
Salaries and Wages	56,183	62,381	57,953	4,428
Fringe Benefits	25,290	20,058	19,837	221
Materials and Supplies	83,375	99,968	96,300	3,668
Total City Building	<u>164,848</u>	<u>182,407</u>	<u>174,090</u>	<u>8,317</u>
Total General Government	<u>597,492</u>	<u>628,894</u>	<u>563,934</u>	<u>64,960</u>
Security of Persons and Property:				
Police:				
Salaries and Wages	535,171	533,669	526,940	6,729
Fringe Benefits	242,493	256,412	233,227	23,185
Materials and Supplies	124,363	132,109	108,415	23,694
Capital Outlay	0	0	5,000	(5,000)
Total Police	<u>902,027</u>	<u>922,190</u>	<u>873,582</u>	<u>48,608</u>
Fire:				
Salaries and Wages	40,047	40,196	40,196	0
Fringe Benefits	33,088	36,135	31,477	4,658
Materials and Supplies	88,947	88,724	78,733	9,991
Total Fire	<u>162,082</u>	<u>165,055</u>	<u>150,406</u>	<u>14,649</u>
Total Security of Persons and Property	<u>\$1,064,109</u>	<u>\$1,087,245</u>	<u>\$1,023,988</u>	<u>\$63,257</u>

(continued)

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Over (Under)
Public Health Services:				
Health:				
Salaries and Wages	\$30,406	\$35,428	\$32,823	\$2,605
Fringe Benefits	5,785	5,833	5,783	50
Materials and Supplies	8,925	9,126	4,409	4,717
Total Public Health Services	<u>45,116</u>	<u>50,387</u>	<u>43,015</u>	<u>7,372</u>
Transportation:				
Street Lighting:				
Materials and Supplies	88,754	88,754	64,059	24,695
Total Transportation	<u>88,754</u>	<u>88,754</u>	<u>64,059</u>	<u>24,695</u>
Leisure Time Activities:				
Senior Center:				
Salaries and Wages	16,833	16,833	16,833	0
Fringe Benefits	3,002	3,297	3,287	10
Materials and Supplies	8,006	8,002	6,726	1,276
Total Leisure Time Activities	<u>27,841</u>	<u>28,132</u>	<u>26,846</u>	<u>1,286</u>
Capital Outlay	<u>238,447</u>	<u>391,461</u>	<u>325,263</u>	<u>66,198</u>
Debt Service:				
Principal Retirement	14,969	68,131	66,225	1,906
Interest and Fiscal Charges	3,707	4,207	3,197	1,010
Total Debt Service	<u>18,676</u>	<u>72,338</u>	<u>69,422</u>	<u>2,916</u>
<i>Total Expenditures</i>	<u>2,080,435</u>	<u>2,347,211</u>	<u>2,116,527</u>	<u>230,684</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(78,647)</u>	<u>(295,423)</u>	<u>42,689</u>	<u>338,112</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	3,138	3,138
Transfers In	70,000	70,000	70,000	0
Transfers Out	(108,000)	(83,193)	(83,000)	193
<i>Total Other Financing Sources (Uses)</i>	<u>(38,000)</u>	<u>(13,193)</u>	<u>(9,862)</u>	<u>3,331</u>
<i>Net Change in Fund Balance</i>	(116,647)	(308,616)	32,827	341,443
<i>Fund Balance Beginning of Year</i>	512,014	512,014	512,014	0
Prior Year Encumbrances Appropriated	<u>192,471</u>	<u>192,471</u>	<u>192,471</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$587,838</u>	<u>\$395,869</u>	<u>\$737,312</u>	<u>\$341,443</u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
Revenues				
Charges for Services	\$25,000	\$25,000	\$4,413	(\$20,587)
Intergovernmental	264,702	264,702	317,125	52,423
Investment Earnings	150	150	2,720	2,570
Other	0	0	354	354
<i>Total Revenues</i>	<u>289,852</u>	<u>289,852</u>	<u>324,612</u>	<u>34,760</u>
Expenditures				
Current:				
Transportation:				
Street:				
Salaries and Wages	163,582	163,582	152,076	11,506
Fringe Benefits	83,357	79,100	59,219	19,881
Materials and Supplies	104,781	111,967	81,864	30,103
<i>Total Expenditures</i>	<u>351,720</u>	<u>354,649</u>	<u>293,159</u>	<u>61,490</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(61,868)	(64,797)	31,453	96,250
Other Financing Sources				
Transfers In	55,000	55,000	32,000	(23,000)
<i>Net Change in Fund Balance</i>	(6,868)	(9,797)	63,453	73,250
<i>Fund Balance Beginning of Year</i>	32,868	32,868	32,868	0
Prior Year Encumbrances Appropriated	6,581	6,581	6,581	0
<i>Fund Balance End of Year</i>	<u>\$32,581</u>	<u>\$29,652</u>	<u>\$102,902</u>	<u>\$73,250</u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Paving Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$436,379	\$436,379	\$317,978	(\$118,401)
Expenditures				
Capital Outlay:				
Capital Outlay	657,147	302,100	225,173	76,927
Intergovernmental	0	0	92,502	(92,502)
<i>Total Expenditures</i>	<u>657,147</u>	<u>302,100</u>	<u>317,675</u>	<u>(15,575)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(220,768)	134,279	303	(133,976)
Other Financing Sources				
Transfers In	199,392	199,392	0	(199,392)
<i>Net Change in Fund Balance</i>	(21,376)	333,671	303	(333,368)
<i>Fund Balance Beginning of Year</i>	<u>3,902</u>	<u>3,902</u>	<u>3,902</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$17,474)</u>	<u>\$337,573</u>	<u>\$4,205</u>	<u>(\$333,368)</u>

City of Belpre, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Energy and Pool Improvements Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Investment Earnings	\$0	\$0	\$10,394	\$10,394
Expenditures				
Capital Outlay:				
Capital Outlay	<u>399,997</u>	<u>399,997</u>	<u>363,170</u>	<u>36,827</u>
<i>Excess of Revenues Under Expenditures</i>	(399,997)	(399,997)	(352,776)	47,221
Other Financing Sources				
Capital Lease Proceeds	<u>1,308,738</u>	<u>1,308,738</u>	<u>1,296,464</u>	<u>(12,274)</u>
<i>Net Change in Fund Balance</i>	908,741	908,741	943,688	34,947
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$908,741</u></u>	<u><u>\$908,741</u></u>	<u><u>\$943,688</u></u>	<u><u>\$34,947</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitation Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Charges for Services	\$718,800	\$718,800	\$738,377	\$19,577
Expenses				
Salaries and Wages	7,606	7,668	7,668	0
Fringe Benefits	4,243	3,452	3,452	0
Contractual Services	632,750	633,788	633,774	14
Materials and Supplies	4,800	4,636	4,636	0
<i>Total Expenses</i>	<u>649,399</u>	<u>649,544</u>	<u>649,530</u>	<u>14</u>
<i>Excess of Revenues Over Expenses</i>	69,401	69,256	88,847	19,591
Transfers Out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(599)	(744)	18,847	19,591
<i>Fund Balance Beginning of Year</i>	<u>291,029</u>	<u>291,029</u>	<u>291,029</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$290,430</u>	<u>\$290,285</u>	<u>\$309,876</u>	<u>\$19,591</u>

City of Belpre, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Charges for Services	\$1,065,350	\$1,065,350	\$1,106,480	\$41,130
Capital Lease Proceeds	0	4,048,719	4,010,191	(38,528)
Investment Earnings	0	0	32,149	32,149
<i>Total Revenues</i>	<u>1,065,350</u>	<u>5,114,069</u>	<u>5,148,820</u>	<u>34,751</u>
Expenses				
Salaries and Wages	329,867	293,409	293,409	0
Fringe Benefits	165,100	128,961	127,441	1,520
Contractual Services	396,822	394,087	375,646	18,441
Materials and Supplies	110,967	102,060	99,577	2,483
Capital Outlay	158,944	1,521,683	871,921	649,762
Debt Service:				
Principal Retirement	69,199	118,769	116,473	2,296
Interest and Fiscal Charges	24,789	24,365	23,573	792
<i>Total Expenses</i>	<u>1,255,688</u>	<u>2,583,334</u>	<u>1,908,040</u>	<u>675,294</u>
<i>Net Change in Fund Balance</i>	(190,338)	2,530,735	3,240,780	710,045
<i>Fund Balance Beginning of Year</i>	346,410	346,410	346,410	0
Prior Year Encumbrances Appropriated	<u>139,333</u>	<u>139,333</u>	<u>139,333</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$295,405</u></u>	<u><u>\$3,016,478</u></u>	<u><u>\$3,726,523</u></u>	<u><u>\$710,045</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Over (Under)
Revenues				
Charges for Services	\$677,560	\$677,560	\$631,036	(\$46,524)
Tap-In Fees	11,400	14,000	15,835	1,835
Other Operating Revenues	0	0	535	535
Capital Lease Proceeds	0	3,231,182	3,200,326	(30,856)
Investment Earnings	0	0	25,656	25,656
Other Non-Operating Revenues	10,000	10,000	13,170	3,170
<i>Total Revenues</i>	<u>698,960</u>	<u>3,932,742</u>	<u>3,886,558</u>	<u>(46,184)</u>
Expenses				
Salaries and Wages	127,733	127,979	111,513	16,466
Fringe Benefits	66,049	69,144	49,243	19,901
Contractual Services	212,737	224,594	179,701	44,893
Materials and Supplies	115,411	104,876	91,650	13,226
Other Non-Operating Expenses	10,000	10,000	2,351	7,649
Capital Outlay	17,991	1,045,179	748,227	296,952
Debt Service:				
Principal Retirement	91,952	426,153	420,857	5,296
Interest and Fiscal Charges	44,757	46,901	47,374	(473)
<i>Total Expenses</i>	<u>686,630</u>	<u>2,054,826</u>	<u>1,650,916</u>	<u>403,910</u>
<i>Net Change in Fund Balance</i>	12,330	1,877,916	2,235,642	357,726
<i>Fund Balance Beginning of Year</i>	518,315	518,315	518,315	0
Prior Year Encumbrances Appropriated	13,431	13,431	13,431	0
<i>Fund Balance End of Year</i>	<u><u>\$544,076</u></u>	<u><u>\$2,409,662</u></u>	<u><u>\$2,767,388</u></u>	<u><u>\$357,726</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Over (Under)
Revenues				
Motor Vehicle License Tax	\$35,000	\$35,000	\$36,010	\$1,010
Intergovernmental	35,000	35,000	0	(35,000)
<i>Total Revenues</i>	<u>70,000</u>	<u>70,000</u>	<u>36,010</u>	<u>(33,990)</u>
Expenditures				
Current:				
Transportation:				
Street:				
Capital Outlay	0	101,772	85,380	16,392
Debt Service:				
Principal Retirement	11,289	11,289	5,672	5,617
Interest and Fiscal Charges	170	170	57	113
<i>Total Expenditures</i>	<u>11,459</u>	<u>113,231</u>	<u>91,109</u>	<u>22,122</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	58,541	(43,231)	(55,099)	(11,868)
Other Financing Uses				
Transfers Out	(199,392)	0	0	0
<i>Net Change in Fund Balance</i>	(140,851)	(43,231)	(55,099)	(11,868)
<i>Fund Balance Beginning of Year</i>	<u>141,931</u>	<u>141,931</u>	<u>141,931</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,080</u></u>	<u><u>\$98,700</u></u>	<u><u>\$86,832</u></u>	<u><u>(\$11,868)</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$21,602	\$21,602	\$25,713	\$4,111
Investment Earnings	0	0	2,775	2,775
<i>Total Revenues</i>	<u>21,602</u>	<u>21,602</u>	<u>28,488</u>	<u>6,886</u>
Expenditures				
Current:				
Transportation:				
State Highway:				
Salaries and Wages	13,239	13,239	13,239	0
Fringe Benefits	10,477	7,414	7,227	187
Materials and Supplies	9,900	12,963	5,630	7,333
<i>Total Expenditures</i>	<u>33,616</u>	<u>33,616</u>	<u>26,096</u>	<u>7,520</u>
<i>Net Change in Fund Balance</i>	(12,014)	(12,014)	2,392	14,406
<i>Fund Balance Beginning of Year</i>	<u>52,707</u>	<u>52,707</u>	<u>52,707</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$40,693</u></u>	<u><u>\$40,693</u></u>	<u><u>\$55,099</u></u>	<u><u>\$14,406</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Fines, Licenses and Permits	\$0	\$0	\$400	\$400
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Materials and Supplies	<u>2,500</u>	<u>5,500</u>	<u>2,513</u>	<u>2,987</u>
<i>Net Change in Fund Balance</i>	(2,500)	(5,500)	(2,113)	3,387
<i>Fund Balance Beginning of Year</i>	<u>6,825</u>	<u>6,825</u>	<u>6,825</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,325</u></u>	<u><u>\$1,325</u></u>	<u><u>\$4,712</u></u>	<u><u>\$3,387</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses and Permits	\$0	\$0	\$244	\$244
<i>Net Change in Fund Balance</i>	0	0	244	244
<i>Fund Balance Beginning of Year</i>	766	766	766	0
<i>Fund Balance End of Year</i>	<u>\$766</u>	<u>\$766</u>	<u>\$1,010</u>	<u>\$244</u>

City of Belpre, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Mayor's Court Computerization Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Fines, Licenses and Permits	\$3,500	\$3,500	\$3,102	(\$398)
Expenditures				
Current:				
Security of Persons and Property:				
Mayor's Court:				
Materials and Supplies	3,500	3,500	2,733	767
<i>Net Change in Fund Balance</i>	0	0	369	369
<i>Fund Balance Beginning of Year</i>	481	481	481	0
<i>Fund Balance End of Year</i>	\$481	\$481	\$850	\$369

City of Belpre, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Clerk Computerization Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines, Licenses and Permits	\$12,000	\$12,000	\$10,454	(\$1,546)
Expenditures				
Current:				
Security of Persons and Property:				
Mayor's Court Clerk:				
Materials and Supplies	<u>11,750</u>	<u>11,750</u>	<u>9,267</u>	<u>2,483</u>
<i>Net Change in Fund Balance</i>	250	250	1,187	937
<i>Fund Balance Beginning of Year</i>	<u>2,690</u>	<u>2,690</u>	<u>2,690</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,940</u></u>	<u><u>\$2,940</u></u>	<u><u>\$3,877</u></u>	<u><u>\$937</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parks and Recreation Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Over (Under)
Revenues				
Charges for Services	\$2,500	\$2,500	\$3,475	\$975
Donations	5,250	5,250	7,761	2,511
Other	475	475	0	(475)
<i>Total Revenues</i>	<u>8,225</u>	<u>8,225</u>	<u>11,236</u>	<u>3,011</u>
Expenditures				
Current:				
Leisure Time Activities:				
Parks:				
Salaries and Wages	20,320	29,583	22,534	7,049
Fringe Benefits	3,182	4,157	4,157	0
Materials and Supplies	38,214	39,587	32,727	6,860
<i>Total Expenditures</i>	<u>61,716</u>	<u>73,327</u>	<u>59,418</u>	<u>13,909</u>
<i>Excess of Revenues Under Expenditures</i>	(53,491)	(65,102)	(48,182)	16,920
Other Financing Sources				
Transfers In	53,000	64,750	51,000	(13,750)
<i>Net Change in Fund Balance</i>	(491)	(352)	2,818	3,170
<i>Fund Balance Beginning of Year</i>	16,755	16,755	16,755	0
Prior Year Encumbrances Appropriated	649	649	649	0
<i>Fund Balance End of Year</i>	<u>\$16,913</u>	<u>\$17,052</u>	<u>\$20,222</u>	<u>\$3,170</u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Pool Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$0	\$0	\$359	\$359
Expenditures				
Current:				
Leisure Time Activities:				
Pool:				
Materials and Supplies	<u>750</u>	<u>750</u>	<u>539</u>	<u>211</u>
<i>Net Change in Fund Balance</i>	(750)	(750)	(180)	570
<i>Fund Balance Beginning of Year</i>	<u>2,586</u>	<u>2,586</u>	<u>2,586</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,836</u></u>	<u><u>\$1,836</u></u>	<u><u>\$2,406</u></u>	<u><u>\$570</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Pool Construction Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Donations	\$0	\$0	\$247	\$247
<i>Net Change in Fund Balance</i>	0	0	247	247
<i>Fund Balance Beginning of Year</i>	125,899	125,899	125,899	0
<i>Fund Balance End of Year</i>	<u>\$125,899</u>	<u>\$125,899</u>	<u>\$126,146</u>	<u>\$247</u>

Combining Statement - Agency Funds

Agency Funds

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Ohio River Scenic Route - To account for grants from the Ohio Department of Transportation which is passed through to Ohio River Trails, Inc., for a scenic route project along the Ohio River.

Payroll - To account for the payroll clearing account of the City.

Mayor's Court - To account for court costs and fines held for individuals and other governments.

Paving Cooperative - To account for grants from the Ohio Public Works Commission which is passed through to other municipalities for their paving projects for which those municipalities could not obtain grant funding independently. The City of Belpre is the fiscal agent.

City of Belpre, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2006

	<u>Balance</u> <u>12/31/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/06</u>
Ohio River Scenic Route:				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$0</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$0</u>
Liabilities				
Due to Others	<u>\$0</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$0</u>
Payroll:				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$89,883</u>	<u>\$1,720,587</u>	<u>\$1,754,800</u>	<u>\$55,670</u>
Liabilities				
Due to Other Governments	<u>\$89,883</u>	<u>\$1,720,587</u>	<u>\$1,754,800</u>	<u>\$55,670</u>
Mayor's Court:				
Assets				
Cash and Cash Equivalents in Segregated Accounts	<u>\$2,513</u>	<u>\$2,408</u>	<u>\$2,513</u>	<u>\$2,408</u>
Liabilities				
Due to Other Governments	\$1,798	\$1,758	\$1,798	\$1,758
Due to Others	<u>715</u>	<u>650</u>	<u>715</u>	<u>650</u>
<i>Total Liabilities</i>	<u>\$2,513</u>	<u>\$2,408</u>	<u>\$2,513</u>	<u>\$2,408</u>
Paving Cooperative:				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$20,217</u>	<u>\$5,673</u>	<u>\$25,890</u>	<u>\$0</u>
Liabilities				
Contracts Payable	<u>\$20,217</u>	<u>\$5,673</u>	<u>\$25,890</u>	<u>\$0</u>
Total All Agency Funds:				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$110,100	\$1,751,260	\$1,805,690	\$55,670
Cash and Cash Equivalents in Segregated Accounts	<u>2,513</u>	<u>2,408</u>	<u>2,513</u>	<u>2,408</u>
<i>Total Assets</i>	<u>\$112,613</u>	<u>\$1,753,668</u>	<u>\$1,808,203</u>	<u>\$58,078</u>
Liabilities				
Contracts Payable	\$20,217	\$5,673	\$25,890	\$0
Due to Other Governments	91,681	1,722,345	1,756,598	57,428
Due to Others	<u>715</u>	<u>25,650</u>	<u>25,715</u>	<u>650</u>
<i>Total Liabilities</i>	<u>\$112,613</u>	<u>\$1,753,668</u>	<u>\$1,808,203</u>	<u>\$58,078</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Belpre’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends	S2 – S11
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	S12 - S16
These schedules contain information to help the reader assess the City’s most significant local revenue sources, property, and income taxes.	
Debt Capacity	S17 – S19
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	S20 – S21
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	S22 - S26
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2000; schedules presenting government-wide information include information beginning in that year.

City of Belpre, Ohio
Net Assets by Component
Last Seven Years
 (accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$13,893,386	\$13,965,236	\$14,172,470
Restricted:			
Capital Projects	0	129,311	6,302
Transportation (1)	390,640	337,814	335,200
Other Purposes	36,968	35,597	29,575
Unclaimed Monies	6,598	6,442	3,997
Unrestricted	984,258	1,180,915	631,249
Total Governmental Activities Net Assets	<u>\$15,311,850</u>	<u>\$15,655,315</u>	<u>\$15,178,793</u>
Business-Type Activities:			
Invested in Capital Assets, Net of Related Debt	\$6,864,118	\$5,964,233	\$5,811,646
Unrestricted	831,417	1,402,271	1,383,843
Total Business-Type Activities Net Assets	<u>\$7,695,535</u>	<u>\$7,366,504</u>	<u>\$7,195,489</u>
Primary Government:			
Invested in Capital Assets, Net of Related Debt	\$20,757,504	\$19,929,469	\$19,984,116
Restricted	434,206	509,164	375,074
Unrestricted	1,815,675	2,583,186	2,015,092
Total Primary Government Net Assets	<u>\$23,007,385</u>	<u>\$23,021,819</u>	<u>\$22,374,282</u>

(1) The City did not distinguish between restricted for transportation and other purposes prior to 2004.

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$14,466,941	\$14,914,188	\$6,931,807	\$7,994,300
179,218	188,860	200,981	82,755
0	0	0	0
262,767	254,831	247,144	283,089
3,957	0	0	0
384,889	506,794	536,125	620,665
<u>\$15,297,772</u>	<u>\$15,864,673</u>	<u>\$7,916,057</u>	<u>\$8,980,809</u>
\$5,643,804	\$5,274,909	\$4,860,591	\$4,544,399
1,185,387	990,604	966,757	857,137
<u>\$6,829,191</u>	<u>\$6,265,513</u>	<u>\$5,827,348</u>	<u>\$5,401,536</u>
\$20,110,745	\$20,189,097	\$11,792,398	\$12,538,699
445,942	443,691	448,125	365,844
1,570,276	1,497,398	1,502,882	1,477,802
<u>\$22,126,963</u>	<u>\$22,130,186</u>	<u>\$13,743,405</u>	<u>\$14,382,345</u>

City of Belpre, Ohio
Changes in Net Assets
Last Seven Years
 (accrual basis of accounting)

	2006	2005	2004
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	\$175,612	\$175,461	\$128,186
Security of Persons and Property - Police	151,574	149,050	154,370
Public Health Services	15,748	14,424	12,631
Transportation	40,540	58,952	41,662
Leisure Time Activities:			
Parks	3,475	3,275	3,575
Pool	0	0	0
Subtotal - Charges for Services	386,949	401,162	340,424
Operating Grants, Contributions and Interest:			
General Government	0	500	0
Security of Persons and Property:			
Police	4,600	0	0
Fire	217	4,115	0
Public Health Services	6,171	11,299	1,927
Transportation	321,947	333,248	359,331
Leisure Time Activities:			
Senior Center	4,894	4,000	5,078
Parks	6,357	7,823	7,250
Subtotal - Operating Grants, Contributions and Interest	344,186	360,985	373,586
Capital Grants and Contributions:			
General Government	3,396	0	0
Security of Persons and Property:			
Police	0	0	0
Fire	63,375	340,000	12,000
Transportation	11,301	276,412	314,484
Leisure Time Activities:			
Senior Center	0	0	11,593
Parks	45,206	0	143,232
Pool	247	125,899	0
Subtotal - Capital Grants and Contributions	123,525	742,311	481,309
<i>Total Governmental Activities Program Revenues</i>	854,660	1,504,458	1,195,319
Business-Type Activities:			
Charges for Services:			
Sanitation	732,366	654,708	583,070
Sewer	1,236,808	1,111,559	1,138,246
Water	669,415	652,452	690,395
Subtotal - Charges for Services	2,638,589	2,418,719	2,411,711
Operating Grants, Contributions and Interest:			
Sewer	0	0	0
Water	0	0	0
Subtotal - Operating Grants, Contributions and Interest	0	0	0
Capital Grants and Contributions			
Sewer	0	0	0
Water	15,835	11,420	15,385
Subtotal - Capital Grants and Contributions	15,835	11,420	15,385
<i>Total Business-Type Activities Program Revenues</i>	2,654,424	2,430,139	2,427,096
<i>Total Primary Government Program Revenues</i>	\$3,509,084	\$3,934,597	\$3,622,415

2003	2002	2001	2000
\$99,130	\$121,434	\$107,334	\$107,009
154,428	135,397	106,557	107,230
13,670	15,985	14,497	9,593
42,704	41,594	43,751	44,932
2,800	3,175	5,452	5,700
0	0	35,679	25,752
<u>312,732</u>	<u>317,585</u>	<u>313,270</u>	<u>300,216</u>
0	0	0	0
4,927	0	23,313	7,298
8,985	2,830	2,150	3,705
805	8,621	2,357	2,039
263,970	212,681	499,039	219,565
5,573	2,928	4,045	3,799
210,011	5,904	8,696	149,046
<u>494,271</u>	<u>232,964</u>	<u>539,600</u>	<u>385,452</u>
0	0	1,400	1,500
0	0	2,795	821
0	0	440	0
244,918	32,420	20,000	0
0	2,000	0	0
7,350	18,853	0	400
0	0	0	0
<u>252,268</u>	<u>53,273</u>	<u>24,635</u>	<u>2,721</u>
<u>1,059,271</u>	<u>603,822</u>	<u>877,505</u>	<u>688,389</u>
588,519	568,205	563,366	552,979
1,307,259	1,229,376	1,067,677	1,045,206
625,639	669,838	679,977	669,365
<u>2,521,417</u>	<u>2,467,419</u>	<u>2,311,020</u>	<u>2,267,550</u>
0	0	0	0
0	0	0	0
0	0	0	0
0	0	0	221,873
14,946	57,588	22,621	83,926
14,946	57,588	22,621	305,799
<u>2,536,363</u>	<u>2,525,007</u>	<u>2,333,641</u>	<u>2,573,349</u>
<u>\$3,595,634</u>	<u>\$3,128,829</u>	<u>\$3,211,146</u>	<u>\$3,261,738</u>

(continued)

City of Belpre, Ohio
Changes in Net Assets (continued)
Last Seven Years
 (accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses			
Governmental Activities:			
General Government	\$593,808	\$563,229	\$524,456
Security of Persons and Property:			
Police	923,982	875,278	874,426
Fire	206,319	202,391	174,653
Public Health Services	34,545	35,172	34,853
Transportation - Restated at 1/1/2003	1,126,410	1,185,433	1,096,513
Leisure Time Activities:			
Senior Center	28,633	26,972	31,218
Parks	112,494	87,880	102,305
Pool	9,381	9,448	9,572
Intergovernmental	92,502	0	7,906
Interest and Fiscal Charges	16,705	4,324	5,895
	<u>3,144,779</u>	<u>2,990,127</u>	<u>2,861,797</u>
<i>Total Governmental Activities Expenses</i>			
Business-Type Activities:			
Sanitation	652,033	578,630	476,181
Sewer	1,076,686	1,043,770	966,648
Water	585,014	584,123	550,071
	<u>2,313,733</u>	<u>2,206,523</u>	<u>1,992,900</u>
<i>Total Business-Type Activities Expenses</i>			
	<u>5,458,512</u>	<u>5,196,650</u>	<u>4,854,697</u>
<i>Total Primary Government Program Expenses</i>			
Net (Expense)/Revenue			
Governmental Activities	(2,290,119)	(1,485,669)	(1,666,478)
Business-Type Activities	340,691	223,616	434,196
	<u>(\$1,949,428)</u>	<u>(\$1,262,053)</u>	<u>(\$1,232,282)</u>
<i>Total Primary Government Net Expense</i>			

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$525,298	\$483,156	\$456,662	\$443,082
908,510	849,745	851,506	840,810
209,677	198,077	187,481	203,981
33,494	33,077	21,978	31,433
1,123,332	(7,503,024)	1,724,203	1,701,589
33,288	25,688	23,814	21,584
304,306	96,444	126,524	226,731
9,328	10,051	71,370	65,380
0	0	20,466	0
8,921	16,621	20,534	34,698
<u>3,156,154</u>	<u>(5,790,165)</u>	<u>3,504,538</u>	<u>3,569,288</u>
482,248	529,784	439,430	438,346
928,093	967,769	884,971	828,501
537,433	511,565	507,929	529,920
<u>1,947,774</u>	<u>2,009,118</u>	<u>1,832,330</u>	<u>1,796,767</u>
<u>5,103,928</u>	<u>(3,781,047)</u>	<u>5,336,868</u>	<u>5,366,055</u>
(2,096,883)	6,393,987	(2,627,033)	(2,880,899)
588,589	515,889	501,311	776,582
<u>(\$1,508,294)</u>	<u>\$6,909,876</u>	<u>(\$2,125,722)</u>	<u>(\$2,104,317)</u>

(continued)

City of Belpre, Ohio
Changes in Net Assets (continued)
Last Seven Years
 (accrual basis of accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes:			
Property Taxes Levied for General Purposes	\$313,030	\$311,975	\$273,363
Income Taxes levied for:			
General Purposes	1,127,411	1,255,847	972,487
Capital Outlay	0	0	0
Franchise Taxes	43,455	17,509	16,583
Grants and Entitlements not Restricted to Specific Programs	281,403	198,275	183,930
Investment Earnings	103,922	50,955	19,956
Gain on Disposal of Capital Assets	0	0	0
Donations	175	0	0
Other	7,258	57,630	6,180
Transfers	70,000	70,000	75,000
	<u>1,946,654</u>	<u>1,962,191</u>	<u>1,547,499</u>
<i>Total Governmental Activities</i>			
Business-Type Activities:			
Gain on Disposal of Capital Assets	0	0	200
Investment Earnings	57,805	0	0
Other	535	17,399	6,902
Transfers	(70,000)	(70,000)	(75,000)
	<u>(11,660)</u>	<u>(52,601)</u>	<u>(67,898)</u>
<i>Total Business-Type Activities</i>			
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>1,934,994</u>	<u>1,909,590</u>	<u>1,479,601</u>
Change in Net Assets			
Governmental Activities	(343,465)	476,522	(118,979)
Business-Type Activities	329,031	171,015	366,298
	<u>(\$14,434)</u>	<u>\$647,537</u>	<u>\$247,319</u>
<i>Total Primary Government Change in Net Assets</i>			

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$277,250	\$266,053	\$242,764	\$247,518
673,969	700,564	714,327	671,575
237,687	271,816	239,288	267,926
15,936	0	0	0
253,584	197,008	223,043	289,198
26,815	31,556	47,657	68,561
0	0	880	0
0	0	0	0
18,366	7,632	9,322	26,497
<u>26,375</u>	<u>80,000</u>	<u>85,000</u>	<u>76,774</u>
<u>1,529,982</u>	<u>1,554,629</u>	<u>1,562,281</u>	<u>1,648,049</u>
0	0	6,810	0
0	0	0	0
1,464	2,276	2,691	6,859
<u>(26,375)</u>	<u>(80,000)</u>	<u>(85,000)</u>	<u>(76,774)</u>
<u>(24,911)</u>	<u>(77,724)</u>	<u>(75,499)</u>	<u>(69,915)</u>
<u>1,505,071</u>	<u>1,476,905</u>	<u>1,486,782</u>	<u>1,578,134</u>
(566,901)	7,948,616	(1,064,752)	(1,232,850)
<u>563,678</u>	<u>438,165</u>	<u>425,812</u>	<u>706,667</u>
<u>(\$3,223)</u>	<u>\$8,386,781</u>	<u>(\$638,940)</u>	<u>(\$526,183)</u>

City of Belpre, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund										
Reserved	\$29,927	\$191,692	\$12,731	\$10,481	\$11,957	\$21,478	\$15,607	\$6,821	\$12,441	\$3,777
Unreserved	926,069	749,680	586,166	341,922	454,490	480,460	550,406	431,486	264,493	221,066
Total General Fund	955,996	941,372	598,897	352,403	466,447	501,938	566,013	438,307	276,934	224,843
All Other Governmental Funds										
Reserved	10,956	29,063	14,614	17,333	7,588	12,768	16,183	22,703	16,536	17,627
Unreserved, Undesignated, Reported in:										
Special Revenue Funds	331,044	246,468	259,813	162,242	181,478	164,395	205,717	131,355	156,731	197,362
Capital Projects Funds	708,374	129,311	0	158,241	163,328	184,500	62,111	384,561	101,424	(406,325)
Total All Other Governmental Funds	1,050,374	404,842	274,427	337,816	352,394	361,663	284,011	538,619	274,691	(191,336)
Total Governmental Funds	<u>\$2,006,370</u>	<u>\$1,346,214</u>	<u>\$873,324</u>	<u>\$690,219</u>	<u>\$818,841</u>	<u>\$863,601</u>	<u>\$850,024</u>	<u>\$976,926</u>	<u>\$551,625</u>	<u>\$33,507</u>

City of Belpre, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues										
Property and Other Taxes	\$313,284	\$310,073	\$273,596	\$275,816	\$266,478	\$241,033	\$246,504	\$229,939	\$198,130	\$206,147
Municipal Income Tax	1,100,038	1,050,969	964,238	931,751	947,085	965,857	928,753	937,217	886,784	858,765
Motor Vehicle License Tax	36,127	36,122	36,625	36,379	36,204	35,421	35,370	35,789	36,368	33,631
Charges for Services	181,758	197,931	126,310	88,125	91,489	119,986	109,371	70,810	71,893	54,949
Fines, Licenses, and Permits	212,519	184,514	201,072	194,819	174,157	150,159	145,858	161,705	108,316	108,119
Intergovernmental	673,423	932,448	1,010,927	936,813	478,488	774,975	653,661	874,214	627,138	628,411
Investment Earnings	108,715	54,230	20,010	28,105	34,286	45,130	70,260	68,162	61,429	17,083
Donations	16,490	17,253	32,541	25,969	11,662	13,791	34,271	0	0	26,135
Other	7,258	57,505	6,180	32,218	23,960	17,026	32,614	51,922	80,868	14,218
<i>Total Revenues</i>	<u>2,649,612</u>	<u>2,841,045</u>	<u>2,671,499</u>	<u>2,549,995</u>	<u>2,063,809</u>	<u>2,363,378</u>	<u>2,256,662</u>	<u>2,429,758</u>	<u>2,070,926</u>	<u>1,947,458</u>
Expenditures										
Current:										
General Government	562,391	540,892	501,709	492,811	479,184	449,960	426,545	364,078	465,875	370,713
Security of Persons and Property:										
Police	890,569	832,073	838,562	869,738	816,521	830,278	876,349	798,536	765,645	715,391
Fire	154,321	144,804	134,930	119,844	115,554	113,201	115,238	105,006	100,681	94,072
Public Health Services	34,176	34,803	34,484	33,125	34,675	21,978	21,735	19,910	28,112	32,259
Transportation	396,093	777,334	607,938	713,075	492,337	697,409	406,219	441,047	346,332	378,273
Leisure Time Activities:										
Senior Center	26,442	24,781	36,212	25,430	26,532	22,046	19,816	15,529	8,508	4,211
Parks	58,877	52,236	142,375	278,409	92,054	92,492	193,447	151,601	83,057	41,109
Pool	533	600	724	480	1,203	62,522	56,533	44,304	24,272	12,014
Capital Outlay	1,049,953	17,423	215,320	51,324	0	0	0	2,044,321	205,139	161,105
Intergovernmental	92,502	0	7,906	0	0	20,466	0	0	0	68,102
Debt Service:										
Principal Retirement	71,897	27,402	37,993	111,522	110,308	107,002	353,084	83,623	2,634	633
Interest and Fiscal Charges	3,254	4,324	5,895	8,941	18,475	18,660	34,698	23,996	20,032	27,351
<i>Total Expenditures</i>	<u>3,341,008</u>	<u>2,456,672</u>	<u>2,564,048</u>	<u>2,704,699</u>	<u>2,186,843</u>	<u>2,436,014</u>	<u>2,503,664</u>	<u>4,091,951</u>	<u>2,050,287</u>	<u>1,905,233</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(691,396)</u>	<u>384,373</u>	<u>107,451</u>	<u>(154,704)</u>	<u>(123,034)</u>	<u>(72,636)</u>	<u>(247,002)</u>	<u>(1,662,193)</u>	<u>20,639</u>	<u>42,225</u>
Other Financing Sources (Uses)										
Sale of Capital Assets	3,138	0	201	0	0	880	47,563	1,196,173	3,618	1,437
Proceeds from Loans	0	0	0	0	0	0	0	760,000	449,500	0
Capital Lease Proceeds	1,296,464	0	0	0	0	0	0	0	0	0
Inception of Capital Lease	0	0	0	0	0	0	0	0	0	8,304
Transfers In	153,000	95,000	286,722	173,375	212,000	215,000	245,069	261,000	136,000	111,393
Transfers Out	(83,000)	(25,000)	(211,722)	(147,000)	(132,000)	(130,000)	(168,295)	(131,000)	(96,000)	(49,895)
<i>Total Other Financing Sources (Uses)</i>	<u>1,369,602</u>	<u>70,000</u>	<u>75,201</u>	<u>26,375</u>	<u>80,000</u>	<u>85,880</u>	<u>124,337</u>	<u>2,086,173</u>	<u>493,118</u>	<u>71,239</u>
<i>Net Change in Fund Balances</i>	<u>678,206</u>	<u>454,373</u>	<u>182,652</u>	<u>(128,329)</u>	<u>(43,034)</u>	<u>13,244</u>	<u>(122,665)</u>	<u>423,980</u>	<u>513,757</u>	<u>113,464</u>
Increase (Decrease) in Reserve for Inventory	(18,050)	18,517	453	(293)	(1,726)	333	(4,237)	1,321	4,361	0
<i>Change in Fund Balances</i>	<u>\$660,156</u>	<u>\$472,890</u>	<u>\$183,105</u>	<u>(\$128,622)</u>	<u>(\$44,760)</u>	<u>\$13,577</u>	<u>(\$126,902)</u>	<u>\$425,301</u>	<u>\$518,118</u>	<u>\$113,464</u>
Debt Service as a Percentage of Noncapital Expenditures	3.4%	1.3%	1.9%	4.8%	6.3%	5.4%	18.3%	5.5%	1.2%	1.6%

City of Belpre, Ohio
Assessed Valuation and Estimated True Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property				Assessed Value	Estimated Actual Value	Ratio	Total Direct Tax Rate		
	Assessed Value		Estimated Actual Value	Public Utility		General Business						Total	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value					Assessed Value	Estimated Actual Value
2006	\$70,744,800	\$20,885,170	\$261,799,914	\$2,801,140	\$3,183,114	\$4,526,780	\$24,142,827	\$98,957,890	\$289,125,855	34.23%	\$3.40		
2005	70,503,430	20,849,910	261,009,543	2,818,600	3,202,955	6,764,730	27,058,920	100,936,670	291,271,417	34.65	3.40		
2004	62,170,150	18,903,630	231,639,371	2,718,060	3,088,705	5,973,700	23,894,800	89,765,540	258,622,876	34.71	3.40		
2003	61,024,650	18,722,370	227,848,629	3,100,080	3,522,818	5,933,280	23,733,120	88,780,380	255,104,567	34.80	3.40		
2002	60,364,720	19,147,230	227,177,000	3,038,800	3,453,182	6,500,610	26,002,440	89,051,360	256,632,622	34.70	3.40		
2001	52,296,810	17,872,260	200,483,057	3,500,510	3,977,852	7,885,740	31,542,960	81,555,320	236,003,869	34.56	3.40		
2000	51,542,200	16,742,630	195,099,514	3,533,210	4,015,011	6,371,260	25,485,040	78,189,300	224,599,566	34.81	3.40		
1999	51,397,150	16,422,850	193,771,429	3,672,170	4,172,920	6,464,460	25,857,840	77,956,630	223,802,189	34.83	3.40		
1998	42,403,090	13,996,230	161,140,914	3,617,770	4,111,102	5,791,340	23,165,360	65,808,430	188,417,377	34.93	3.40		
1997	41,288,970	13,660,410	156,998,229	3,591,100	4,080,795	5,443,110	21,772,440	63,983,590	182,851,464	34.99	3.40		

Source: Washington County, Ohio; County Auditor

Note: Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006, both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent, and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

City of Belpre, Ohio
Property Tax Rates, Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

<u>Year</u>	<u>City of Belpre General Fund</u>	<u>Belpre City School District</u>	<u>Washington County JVS</u>	<u>Washington County</u>	<u>Total</u>
2006	\$3.40	\$34.30	\$1.80	\$9.05	\$48.55
2005	3.40	34.10	1.80	9.05	48.35
2004	3.40	34.84	1.80	9.05	49.09
2003	3.40	35.12	1.80	9.05	49.37
2002	3.40	35.10	1.80	9.05	49.35
2001	3.40	35.00	1.80	9.05	49.25
2000	3.40	35.00	1.80	8.20	48.40
1999	3.40	31.00	1.80	7.70	43.90
1998	3.40	31.00	1.80	7.70	43.90
1997	3.40	31.00	1.80	7.70	43.90

Source: Washington County, Ohio; County Auditor

Note: The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Overlapping rates are those of local and county governments that apply to property owners within the City.

Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

City of Belpre, Ohio
Property Tax Levies and Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)	Percent of Total Tax Collections to Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2006	\$304,784	\$289,035	89.64%	\$5,591	\$294,626	96.67%	\$26,080	8.56%
2005	317,555	284,661	89.64	22,142	306,803	96.61	26,264	8.27
2004	284,993	255,254	89.57	15,091	270,345	94.86	19,739	6.93
2003	275,945	253,610	91.91	18,906	272,516	98.76	23,756	8.61
2002	276,856	247,729	89.48	14,362	262,091	94.67	18,336	6.62
2001	242,912	227,626	93.71	9,894	237,520	97.78	14,914	6.14
2000	242,287	226,336	93.42	11,970	238,306	98.36	14,758	6.09
1999	239,936	219,231	91.37	8,426	227,657	94.88	9,033	3.76
1998	202,644	189,906	93.71	6,624	196,530	96.98	8,143	4.02
1997	195,098	184,793	94.72	8,498	193,291	99.07	10,170	5.21

Source: Washington County, Ohio; County Auditor

(1) State reimbursement of rollback and homestead exemptions are not included.

Note: Washington County does not maintain delinquency information by tax year; therefore, this information is not available for the City of Belpre.

City of Belpre, Ohio
Principal Real Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	<i>2006</i>	
	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
Kroger Limited Partnership	\$1,039,930	1.05%
Plaza LLC	782,340	0.85
Midwest Estates LLC	620,110	0.68
Belpre CVS, Incorporated	592,850	0.65
Holder Harbour Corporation	566,260	0.62
Charles L. Schilling II, LLC	477,450	0.52
Lee Middleton Original Dolls, Inc.	477,350	0.52
David E. and Victoria Higgins Land Management	398,950	0.44
Marta B. May Land Management	397,860	0.43
Orion Development LLP	393,070	0.43
Total	\$5,746,170	5.71%
Total Assessed Valuation	\$91,629,970	

Taxpayer	<i>1997</i>	
	Real Property Assessed Valuation (1)	Percentage of Total Assessed Valuation
International Converter, Incorporated	\$1,462,740	2.30%
Kroger Limited Partnership	1,417,170	2.58
Lee Middleton Original Dolls, Incorporated	1,261,730	2.30
Russell L. Covey Land Management	622,010	1.13
John O. and Linda I. Cornell Land Management	504,250	0.92
Belpre Furniture Gallery	461,510	0.84
Analytical Products Group, Incorporated	456,100	0.83
Belpre CVS, Incorporated	444,620	0.81
Marta B. May Land Management	369,850	0.67
Moore Enterprises	357,580	0.65
Total	\$7,357,560	11.58%
Total Assessed Valuation	\$54,949,380	

Source: Washington County, Ohio; County Auditor

(1) Property Assessed at 35% of Fair Market Value
 S15

City of Belpre, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

<u>Tax Year (1)</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes from Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes from Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2006	1.0%	\$1,127,411	\$556,343	49.35%	\$63,982	5.67%	\$507,086	44.98%
2005	1.00	1,255,847	636,735	50.70	52,963	4.22	566,149	45.08
2004	1.00	972,487	532,062	54.71	33,330	3.43	407,095	41.86
2003	1.00	911,656	(2)	n/a	(2)	n/a	(2)	n/a
2002	1.00	972,380	(2)	n/a	(2)	n/a	(2)	n/a
2001	1.00	879,622	(2)	n/a	(2)	n/a	(2)	n/a
2000	1.00	939,501	(2)	n/a	(2)	n/a	(2)	n/a
1999	1.00	937,217	(2)	n/a	(2)	n/a	(2)	n/a
1998	1.00	886,784	(2)	n/a	(2)	n/a	(2)	n/a
1997	1.00	858,765	(2)	n/a	(2)	n/a	(2)	n/a

(1) 2000 through 2006 are on an Accrual Basis and 1997 through 1999 are on a Modified Accrual Basis

(2) Information for the breakdown is unavailable. The City converted to a new computer system in 2004 that makes this information available for 2004 through 2006 only.

City of Belpre, Ohio
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita
Last Ten Years

Year	Governmental Activities				Business-Type Activities				Total Debt	Percentage of Personal Income (1)	Per Capita (1)
	Loans	OPWC Loans	Capital Leases	Police Pension	Loans	OPWC Loans	Capital Leases	Contract Payable			
2006	\$0	\$0	\$1,296,464	\$21,410	\$866,365	\$243,911	\$7,210,517	\$2,150	\$9,640,817	7.94%	\$1,444.10
2005	66,225	5,672	0	21,792	1,391,272	256,334	0	4,300	1,745,595	1.44	261.47
2004	82,450	16,849	0	22,158	1,523,817	268,512	0	8,600	1,922,386	1.58	287.95
2003	109,486	27,806	0	22,509	790,691	280,450	0	8,600	1,239,542	1.02	185.67
2002	210,267	38,547	0	22,845	603,875	123,418	0	0	998,952	0.82	149.63
2001	310,046	49,076	0	23,168	641,416	80,103	0	0	1,103,809	0.91	165.79
2000	406,726	59,398	0	23,477	745,320	80,103	0	0	1,315,024	1.09	197.45
1999	702,129	69,516	2,228	23,774	516,763	13,313	0	0	1,327,723	1.51	189.03
1998	375,000	74,500	5,037	24,059	0	0	0	0	478,596	0.54	68.21
1997	450,000	0	7,671	24,332	100,000	0	0	0	582,003	0.66	83.11

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements

(1) See S20 for personal income and population data.

City of Belpre, Ohio
*Computation of Direct and Overlapping
 Governmental Activities Debt
 December 31, 2006*

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City of Belpre(1)</u>	<u>Amount Applicable to City of Belpre</u>
Direct - City of Belpre			
Capital Lease	\$1,296,464	100.00%	\$1,296,464
Police Pension	<u>21,410</u>	100.00	<u>21,410</u>
<i>Total Direct Debt</i>	<u>1,317,874</u>		<u>1,317,874</u>
Overlapping			
Belpre City School District			
Energy Conservation Loan	173,000	51.52	89,130
Washington County			
General Obligation Bonds	5,830,000	8.72	508,376
Energy Conservation Loans	474,356	8.72	41,364
General Obligation Notes	<u>709,440</u>	8.72	<u>61,863</u>
<i>Total Overlapping Debt</i>	<u>7,186,796</u>		<u>700,733</u>
Total	<u><u>\$8,504,670</u></u>		<u><u>\$2,018,607</u></u>

Source: Washington County, Ohio; County Auditor
 Belpre City School District, Ohio

(1) Percentage was determined by dividing the total assessed valuation of the City by the overlapping subdivision's assessed valuation. The valuations used were for the 2006 collection year.

City of Belpre, Ohio
Legal Debt Margin Information
Last Ten Years

Legal Debt Margin Calculation for 2006

Overall Debt Limitation

10 1/2% of Assessed Valuation \$10,390,579

Loans Payable	\$866,365
Issue II Loans Payable	243,911
Gross Indebtedness Outstanding	<u>1,110,276</u>
Less: Debt Exempt from Limitation	
Sewer Loan	327,605
Issue II Sewer Loan	180,950
New Water Tank Loan	538,760
Issue II Water Loan	<u>62,961</u>
Total	<u>1,110,276</u>

Net Debt within 10 1/2% Limitation 0

Legal Debt Margin within 10 1/2% Limitation \$10,390,579

Unvoted Debt Limitation

5 1/2% of Assessed Valuation \$5,442,684

Gross Indebtedness Outstanding	\$1,110,276
Less: Debt Exempt from Limitation	<u>(1,110,276)</u>

Net Debt within 5 1/2% Limitation 0

Legal Debt Margin within 5 1/2% Limitation \$5,442,684

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Overall Debt Limit	\$10,390,579	\$10,394,003	\$9,425,382	\$9,321,940	\$9,350,393	\$8,563,309	\$8,209,877	\$8,185,446	\$6,909,885	\$6,718,277
Total Net Debt Applicable to Limit	<u>0</u>	<u>204,347</u>	<u>264,205</u>	<u>356,269</u>	<u>519,353</u>	<u>679,216</u>	<u>829,578</u>	<u>1,128,686</u>	<u>375,000</u>	<u>450,000</u>
Legal Overall Debt Margin	<u>\$10,390,579</u>	<u>\$10,189,656</u>	<u>\$9,161,177</u>	<u>\$8,965,671</u>	<u>\$8,831,040</u>	<u>\$7,884,093</u>	<u>\$7,380,299</u>	<u>\$7,056,760</u>	<u>\$6,534,885</u>	<u>\$6,268,277</u>
Total Net Debt Applicable to the Limit as a Percentage of Overall Debt Limit	0.00%	2.01%	2.88%	3.97%	5.88%	8.62%	11.24%	15.99%	5.74%	7.18%
Unvoted Debt Limit	<u>\$5,442,684</u>	<u>\$5,551,517</u>	<u>\$4,672,900</u>	<u>\$4,526,652</u>	<u>\$4,378,472</u>	<u>\$3,806,327</u>	<u>\$3,470,834</u>	<u>\$3,158,929</u>	<u>\$3,244,464</u>	<u>\$3,069,097</u>
Total Net Debt Applicable to the Limit as a Percentage of Unvoted Debt Limit	0.00%	3.68%	5.65%	7.87%	11.86%	17.84%	23.90%	35.73%	11.56%	14.66%

Sources: Washington County, Ohio; County Auditor, and City records

City of Belpre, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Washington County Unemployment Rate (3)	Median Value of Residential Property (1)	Total Assessed Property Value (4)
2006	6,676	\$121,469,820	\$18,195	\$29,603	41.2	13.5%	1,258	5.3%	\$78,500	\$98,957,890
2005	6,676	121,469,820	18,195	29,603	41.2	13.5	1,298	5.0	78,500	100,936,670
2004	6,676	121,469,820	18,195	29,603	41.2	13.5	1,316	5.7	78,500	89,765,540
2003	6,676	121,469,820	18,195	29,603	41.2	13.5	1,335	5.8	78,500	88,780,380
2002	6,676	121,469,820	18,195	29,603	41.2	13.5	1,327	4.8	78,500	89,051,360
2001	6,658	121,142,310	18,195	29,603	41.2	13.5	1,307	5.0	78,500	81,555,320
2000	6,660	121,178,700	18,195	29,603	41.2	13.5	1,281	5.0	78,500	78,189,300
1999	7,024	88,214,416	12,559	23,002	41.2	12.5	1,406	6.6	52,400	77,956,630
1998	7,016	88,113,944	12,559	23,002	41.2	12.5	1,425	5.5	52,400	65,808,430
1997	7,003	87,950,677	12,559	23,002	41.2	12.5	1,491	5.9	52,400	63,983,590

(1) Sources: U. S. Census and City Records

a) Years 2000 through 2006 - 2000 Federal Census

b) Years 1997 through 1999 - 1990 Federal Census

(2) Source: Belpre City School District

(3) Source: Ohio Job and Family Services

(4) Source: Washington County, Ohio; County Auditor

(5) Computation of per capita personal income multiplied by population

City of Belpre, Ohio
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<i>2006</i>			
	<u>Employees</u>	<u>Percentage of Total City Employment</u>	<u>Income Tax Collections</u>	<u>Percentage of Total City Income Tax Collections</u>
Belpre City School District	274	23.93%	\$62,364	3.90%
Kroger Limited Partnership	165	6.40	24,335	2.16
McDonalds	145	5.63	8,202	0.73
Pioneer Casting	112	4.35	6,948	0.62
Wal-Bon of Ohio	102	3.96	5,185	0.46
Wendy's	95	3.69	3,080	0.27
Enlow's	74	2.87	2,322	0.21
International Converter, Incorporated	65	2.52	29,197	2.59
City of Belpre	60	2.33	15,692	1.39
Hardee's	53	2.06	2,763	0.25
Total	<u><u>1,145</u></u>	<u><u>57.74%</u></u>	<u><u>\$160,088</u></u>	<u><u>11.67%</u></u>
Total Employment within the City	<u><u>2,577</u></u>			
Total City Income Tax Collections			<u><u>\$1,127,411</u></u>	
<u>Employer</u>	<i>1997</i>			
	<u>Employees</u>			
Belpre City School District	230			
Kroger Limited Partnership	219			
Enlow's	193			
Lee Middleton Original Dolls, Incorporated	179			
Wal-Bon of Ohio	131			
McDonalds	128			
Pioneer Casting	104			
IGA	99			
Hardee's	80			
International Converter, Incorporated	75			
Total	<u><u>1,438</u></u>			
Total Employment within the City	<u><u>n/a</u></u>			
Total City Income Tax Collections			<u><u>n/a</u></u>	

Source: City Records

n/a - Information not available

City of Belpre, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Six Years

Function/Program	2006	2005	2004	2003	2002	2001
General Government:						
Council	8.50	8.50	8.50	8.50	8.50	8.50
Mayor	1.00	1.00	1.00	1.00	1.00	1.00
Auditor	2.75	2.75	2.75	2.75	2.75	2.75
Income Tax	0.80	0.80	0.80	0.80	0.80	0.80
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00
Law	2.00	2.00	2.00	2.00	2.00	2.00
Civil Service	3.00	3.00	3.00	3.00	3.00	3.00
Safety/Service Director	1.00	1.00	1.00	1.00	1.00	1.00
Security of Persons and Property:						
Police Chief	1.00	1.00	1.00	1.00	1.00	1.00
Police Officers	8.00	8.00	8.00	10.00	10.00	10.00
Police - Dispatchers/Office	5.00	5.00	5.00	5.00	5.00	5.00
Fire Chief	1.00	1.00	1.00	1.00	1.00	1.00
Public Health Services:						
Health Commissioner	1.00	1.00	1.00	1.00	1.00	1.00
Health Department (1)	0.00	0.00	0.00	0.00	0.00	0.00
Sanitarian (1)	0.00	0.00	0.00	0.00	0.00	0.00
Transportation:						
Street Maintenance and Repair	5.00	5.00	5.00	5.00	5.00	5.00
Leisure Time Activities:						
Senior Center	0.50	0.50	0.50	0.50	0.50	0.50
Parks	1.00	1.00	1.00	0.50	0.50	0.50
Pool (2)	0.00	0.00	0.00	0.00	0.00	15.00
Basic Utility Services:						
Sanitation	0.25	0.25	0.25	0.25	0.25	0.25
Sewer	8.10	8.10	8.10	8.10	8.10	8.10
Water	3.10	3.10	3.10	3.10	3.10	3.10
Totals:	<u><u>54.00</u></u>	<u><u>54.00</u></u>	<u><u>54.00</u></u>	<u><u>55.50</u></u>	<u><u>55.50</u></u>	<u><u>70.50</u></u>

Source: City of Belpre, Payroll

Method: Using 1.0 for each full-time employee, 0.50 for each part-time and seasonal employee, and percentages for employees paid by more than one fund. Amounts include elected officials. Information prior to 2001 is not meaningful and, therefore, not presented.

- (1) Services are contracted.
- (2) Pool did not re-open after 2001 season.

City of Belpre, Ohio
Operating Indicators by Function/Program
Last Four Years (1)

Function/Program	2006	2005	2004	2003
General Government:				
<i>Council and Clerk</i>				
Number of Ordinances Passed	12	13	15	20
Number of Resolutions Passed	23	17	18	14
<i>Mayor's Court</i>				
Number of Traffic Cases	1,122	1,098	936	1,135
Number of Criminal cases	431	552	433	373
<i>Auditor</i>				
Number of Checks/Vouchers Issued	1,978	2,143	2,155	2,319
Amount of Checks Written	\$6,058,594	\$5,110,890	\$6,310,646	\$5,790,891
Interest Earnings for Year (cash basis General Fund)	\$91,295	\$47,175	\$18,402	\$28,827
Number of Receipts Issued	371	597	379	411
Number of Budget Adjustments Issued	4	4	3	1
General Fund Receipts (cash basis)	\$2,159,216	\$1,970,524	\$1,957,813	\$150,602
General Fund Expenditures (cash basis)	\$2,116,527	\$1,867,528	\$1,846,422	\$1,602,623
General Fund Cash Balances	\$767,363	\$704,485	\$363,817	\$202,645
<i>Income Tax Department</i>				
Number of Individual Returns	2,210	2,086	2,063	n/a
Number of Business Returns	169	167	165	n/a
Number of Business Withholding Accounts	345	415	417	n/a
<i>Civil Service</i>				
Number of Police Entry Tests Administered	17	0	17	0
Number of Police Promotional Tests Administered	0	0	0	0
Number of Hires of Police Officers from Certified Lists	2	0	0	0
Number of Promotions from Police Certified Lists	0	0	0	0
<i>Safety/Service</i>				
Number of Construction Permits Issued	97	125	211	356
Number of Plumbing Permits Issued	9	8	27	15
Number of Sewer Permits Issued	11	9	18	12
Amount of Revenue Generated from Permits	\$4,022	\$4,843	\$11,652	\$11,680

(continued)

City of Belpre, Ohio
Operating Indicators by Function/Program (continued)
Last Four Years (1)

Function/Program	2006	2005	2004	2003
Security of Persons & Property:				
<i>Police</i>				
Total Calls for Services	8,949	9,244	8,240	7,048
Number of Traffic Citations Issued	1,122	962	936	1,135
Number of Parking Citations Issued	81	26	63	87
Number of Criminal Arrests	431	473	433	373
Number of Accident Reports Completed	223	217	227	215
Part 1 Offenses (major offenses)	136	55	64	61
DUI Arrests	22	34	27	24
Prisoners	85	96	70	85
Property Damage Accidents	166	177	153	173
Fatalities from Motor Vehicle Accidents	0	1	0	0
Number of Stations	1	1	1	1
<i>Fire</i>				
EMS Calls	851	890	861	820
Fire Calls	140	154	166	147
Fires with Loss	12	9	12	9
Fires with Losses exceeding \$10K	1	3	1	1
Fire Losses \$	\$58,500	\$111,600	\$35,500	\$111,500
Fire Safety Inspections	15	10	12	12
Number of Stations	2	2	2	2
Number of Volunteer Firemen	39	39	40	44
Number of Fire Hydrants	300	250	154	154
Public Health Services:				
Number of Health Inspections	175	148	130	110
Number of Immunizations Given	283	316	282	365
House Trailer Licenses Issued	\$686	\$644	\$1,103	\$1,250
Food Establishment Licenses Issued	\$13,468	\$11,164	\$10,389	\$7,554
Transportation:				
Street Improvements - Cost of Paving	\$306,483	\$302,016	\$224,862	\$281,921
Paint Striping	\$11,301	\$0	\$7,642	\$0
Hot and Cold Patch	\$5,961	\$6,942	\$14,610	\$12,564
Tons of Snow Melting Salt Purchased (Nov-Mar)	128	404	401	455
Cost of Salt Purchased (includes hauling)	\$6,409	\$17,469	\$15,990	\$15,472
Miles of City Streets	43	43	43	43
Number of Street Lights	497	497	497	496

(continued)

City of Belpre, Ohio
Operating Indicators by Function/Program (continued)
Last Four Years (1)

Function/Program	2006	2005	2004	2003
Leisure Time Activities:				
<i>Senior Center</i>				
Number of Meals Served	2,600	3,000	3,328	3,700
<i>Parks</i>				
Number of Parks Rentals Reserved	170	142	156	116
Number of Tennis Courts	1	1	1	1
Number of Baseball and Softball Diamonds	6	6	6	6
Number of Boat Ramps	2	2	2	2
Basic Utility Services:				
<i>Sanitation</i>				
Total Sanitation Revenues Annually	\$732,366	\$654,708	\$583,070	\$588,519
Contracted Sanitation Charge per Year	\$622,194	\$558,032	\$458,211	\$464,121
<i>Sewer</i>				
Wastewater Rates per 1st 3,000 gallons of Water Used	\$13.30	\$12.78	\$12.78	\$12.29
Total Sewer Revenues Annually	\$1,236,808	\$1,111,559	\$1,138,246	\$1,307,259
Average Monthly Consumption (per household) - in gallons	7,000	7,000	7,000	7,000
<i>Water</i>				
Water Rates per 1st 3,000 gallons of Water Used	\$6.78	\$6.51	\$6.51	\$6.27
Total Water Revenues Annually	\$669,415	\$652,452	\$690,395	\$625,639
Average Monthly Consumption (per household) - in gallons	7,000	7,000	7,000	7,000
Number of Consumers:				
Residential	2,962	2,969	2,895	2,934
Commercial	333	279	218	270

Source: City of Belpre, various departments

(1) Information prior to 2003 is not available

n/a Information not available

City of Belpre, Ohio
Capital Asset Statistics by Function/Program
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
General Government:					
Square Footage Occupied	6,880	6,880	6,880	6,880	6,880
Police:					
Stations	1	1	1	1	1
Square Footage of Building	3,440	3,440	3,440	3,440	3,440
Vehicles - Police Cruisers	8	9	9	10	9
Vehicles - Other	1	1	1	2	1
Police Dogs	0	1	1	1	1
Fire:					
Stations	2	2	2	2	2
Square Footage of Building #1	7,426	7,426	7,426	7,426	7,426
Square Footage of Building #2	1,920	1,920	1,920	1,920	1,920
Vehicles - Pumpers/Fire Trucks	7	7	6	6	6
Vehicles - Ambulances	3	2	2	2	2
Transportation:					
Streets (miles)	43	43	43	43	43
Number of Streetlights (per light bill)	498	498	498	497	497
Service Vehicles	7	6	6	6	5
Senior Center:					
Square Footage Occupied	3,180	3,180	3,180	3,180	3,180
Passenger Vehicles	1	1	1	1	1
Parks:					
Number of Parks	3	3	3	3	3
Number of Tennis Courts	1	1	1	1	1
Number of Baseball and Softball Diamonds	6	6	6	6	6
Number of Boat Ramps	2	2	2	2	2
Pool:					
Number of Pools (closed in 2002)	1	1	1	1	1
Sewer:					
Sanitary Sewers (miles)	28	28	28	28	28
Vehicles	6.5	6.5	6.5	6.5	6.5
Water Department					
Water Lines (miles)	27	27	27	27	27
Vehicles	3.5	3.5	3.5	3.5	3.5

Source: City of Belpre, various departments

(1) Information prior to 2002 is not available



Mary Taylor, CPA
Auditor of State

CITY OF BELPRE

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 19, 2007**