



**Auditor of State
Betty Montgomery**

CITY OF BELPRE
WASHINGTON COUNTY

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Belpre
Washington County
P.O. Box 160
Belpre, Ohio 45714-0160

To the City Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated June 9, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 9, 2004.

City of Belpre
Washington County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 9, 2004

CITY OF BELPRE, OHIO

**Comprehensive Annual Financial Report
For The Year Ended December 31, 2003**

City of Belpre, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2003

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

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INTRODUCTORY SECTION

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City of Belpre, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2003
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CITY OF BELPRE

**715 PARK DRIVE • P.O. BOX 160
BELPRE, OHIO 45714**

William R. "Bill" McAfee – Mayor

Patrick J. Hines, CPA – Auditor

Robert G. Boersma – Safety-Service Director

June 9, 2004

City Council and
Citizens of Belpre:
Belpre, Ohio 45714

We are pleased to submit to you the City of Belpre's fifth Comprehensive Annual Financial Report (CAFR). This CAFR was prepared by the City Auditor's Office. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects, that it is presented in a manner designed to set forth fairly the financial position and results of operations of the City, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. This report will provide the taxpayers of the City of Belpre with comprehensive financial data in a format which will enable them to gain an understanding of the City of Belpre's financial affairs. Copies will be made available to the Chamber of Commerce, major taxpayers, the Washington County Public Library, financial institutions, and other interested parties.

The comprehensive annual report is presented in three sections as follows:

1. The Introductory Section, which contains a Table of Contents, Letter of Transmittal, GFOA Certificate of Achievement, List of Principal Officials, and an Organization Chart of the City.
2. The Financial Section, which begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the Basic Financial Statements, and Notes to the Basic Financial Statements that provide an overview of the City's financial position and operating results; the Combining Statements for nonmajor funds; and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section, which presents social and economic data, financial trends, and the fiscal capacity of the City of Belpre.

THE CITY OF BELPRE

The City is located on the Ohio River at River Mile Post 184, with good access to river and rail transportation. Belpre 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.

CITY ORGANIZATION

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 including 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.

EMPLOYEE RELATIONS

The City has forty-five employees, including part time and seasonal workers. Full time employees may join one of the bargaining units for their group as determined by the State Employee Relations Board (SERB). The two unions in the City are:

<u>Name</u>	<u>Contract Expires</u>	<u>Membership</u>
AFSCME Local #3507	December 31, 2004	12
United Food and Commercial Workers, Local 347	September 16, 2004	16

The remaining full time employees are either not authorized to join a bargaining unit or have elected not to do so. The City of Belpre and the unions traditionally negotiate for three-year contract terms. All non-union employees will receive the same contract changes with respect to sick and vacation leave benefits.

In the judgment of the City Management, the City's employee relations have been stable and are expected to remain so.

ECONOMIC CONDITION AND OUTLOOK

As 2003 drew to a close, economic conditions began to decline in Belpre along with national economic problems. 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. Despite the economic decline, several new business start-ups occurred in the City during 2003, which include Medi-Home Health, Quick Delivery, Pennzoil Car Wash, Baker Mini-Golf, Daugherty Mini-Golf and Batting Cages, Cash Land, Learning and Day Care Center, Belpre Foodland, MRI Center, Dr. Palasso, First Settlement Physical Therapy, and Gotham Staple Co.

New businesses have announced plans to locate in the City during 2004, including Main Street Car Wash, Terminex, Edward Jones Securities, Fred's Wholesale, Putman Monuments, and a new dialysis center.

The City also continued to work in conjunction with County development agencies to encourage business growth in the City.

MAJOR INITIATIVES

Infrastructure improvements continued during the past year. A major upgrade to the sewage treatment plant costing \$1,543,282 was completed. Street paving projects totaling \$281,921 were also completed during the year. Funds for the paving were obtained from the Ohio Public Works Commission and from the permissive motor vehicle license tax.

Equipment upgrades continued to be a priority in 2003. These upgrades included pumps, wiring, and controls at various sewer lift stations and a new mower for the street department.

The construction of a new 500,000 gallon water storage tank on Putnam Howe Drive was under contract at the end of 2003. The City paid \$317,536 in 2003 on the \$768,851 contract. Cleaning and painting of the existing 500,000 gallon water tank on that site is bid out for \$280,000. These projects are financed through the Water Enterprise Fund revenues.

FINANCIAL INFORMATION

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 generally accepted accounting principles (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.

The City undergoes an annual audit by the Office of the Auditor of State. As part of the City's audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that the City has complied with applicable laws and regulations that are material to the basic financial statements. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of all funds are included in the annual appropriated budget, which is prepared on the basis of cash receipts and disbursements (including encumbrances). 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 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. The City also maintains an encumbrance accounting system as a technique of accomplishing budgetary control. Unencumbered appropriations lapse at year end.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Financial Condition This is the fourth year the City has prepared financial statements following GASB Statement 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments". GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion is presented at the beginning of the financial section of this report, providing an assessment of the City finances for 2003.

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 excess 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>
2003	\$28,105	1998	\$61,429
2002	34,286	1997	30,805
2001	45,130	1996	23,800
2000	70,260	1995	18,706
1999	69,311	1994	47,391

The City complied with applicable provisions of the Ohio Revised Code and 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 provides life insurance and accidental death and dismemberment insurance to its employees through Anthem Life Insurance for non-union employees and through the AFSCME Care Plan for AFSCME union members. Comprehensive major medical insurance is provided through Anthem Blue Cross and Blue Shield and through the United Food and Commercial Worker's Union for the police.

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

PENSION AND POSTEMPLOYMENT BENEFIT PLANS

Full-time, permanent employees of the City belong to one of two state operated pension plans. Elected officials and non-uniformed employees are members of the Ohio Public Employees Retirement System (OPERS). Police and fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). The plans provide pension benefits as well as postretirement health care coverage to qualifying employees. Contributions to the plans by both the City and participating employees are mandated by State statute. Because both plans operate pursuant to the Ohio Revised Code, the Ohio General Assembly could decide to amend the format of the plans and could revise contribution benefit levels. During the plan year ended December 31, 2003, the City contributed \$191,877 to the two plans.

Information regarding the operations and funded status of both plans is available from the following sources:

Ohio Public Employees Retirement System
277 East Town Street
Columbus, OH 43215-4642
(614) 466-2085

The Ohio Police and Fire Pension Fund
140 East Town Street
Columbus, OH 43215-5164
(614) 228-2975

INDEPENDENT AUDIT

State statutes require a periodic audit. This year, the City's Audit was performed by the Auditor of State of Ohio, Betty Montgomery. The Independent Accountants' Report on the basic financial statements is included in the financial section of this report.

AWARDS

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, 2002. This was the City of Belpre's fourth 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.

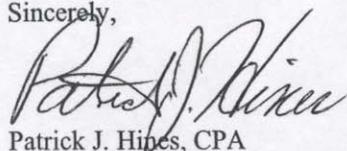
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

TREE CITY USA - The City received its eighth Tree City USA Award for the year ended December 31, 2003. This prestigious award recognized the City for its annual program of planting new trees and maintaining and removing old trees.

ACKNOWLEDGMENTS

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. I would like to express my appreciation to all staff members who have contributed or assisted in its preparation. I 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. Hipes, CPA
Belpre City Auditor

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, 2002

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.



President

Executive Director

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City of Belpre, Ohio
Principal Officials
December 31, 2003

Mayor.....	William R. McAfee
President of Council.....	Don McCullough
Council - 1 st Ward.....	Kevin Mayle
Council - 2 nd Ward.....	Ola Boise
Council - 3 rd Ward.....	David Ferguson
Council - 4 th Ward.....	Dewey Robinson
Council - at Large.....	John Baker
Council - at Large.....	Robert Frank
Council - at Large.....	Will Neff
Clerk of Council.....	Kimberly Meredith
Law Director.....	James McCauley

Finance

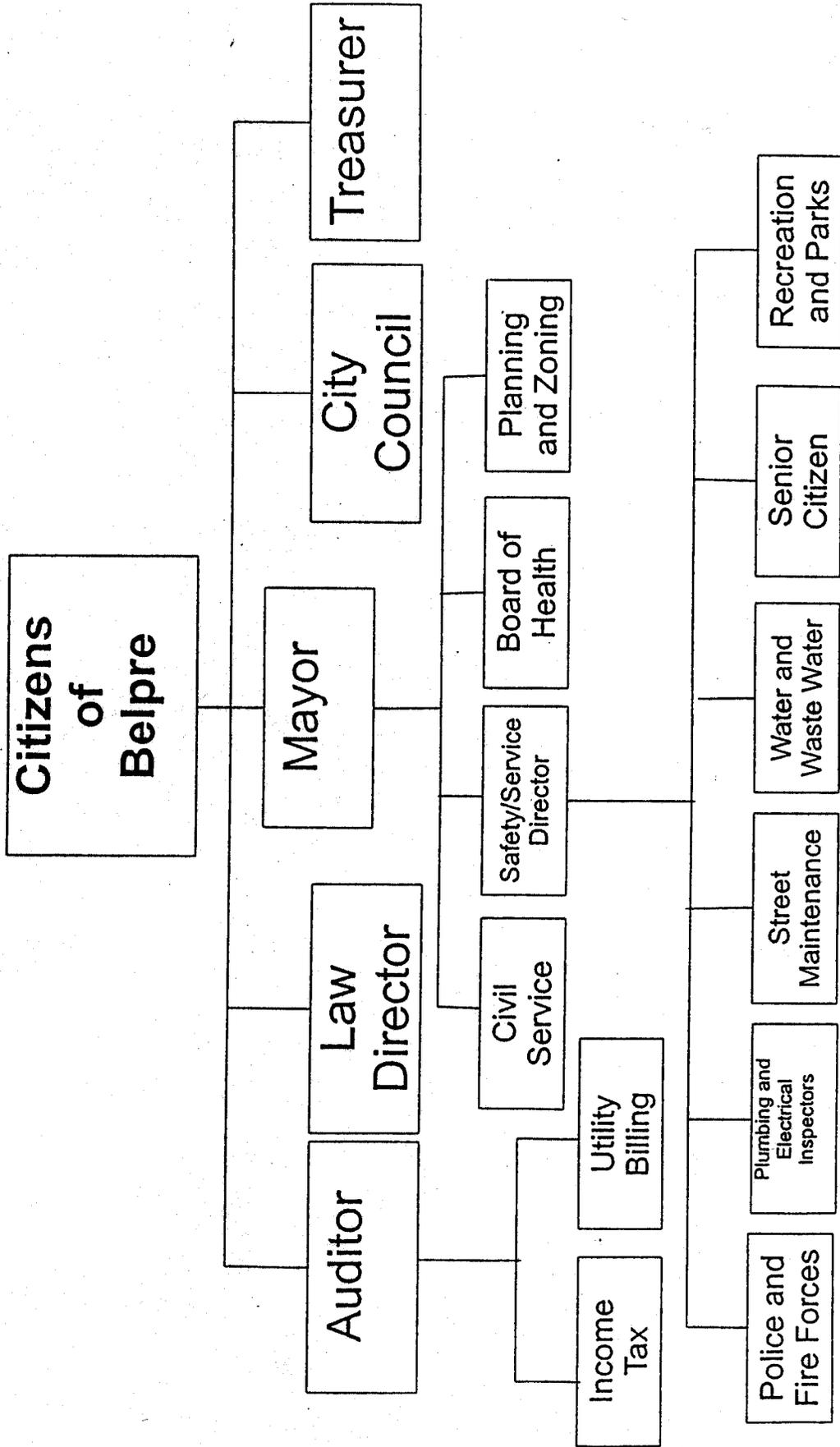
Auditor.....	Patrick J. Hines, CPA
Deputy Auditor.....	Sharon McVey
Deputy Office Administrator.....	Lisa Rankin
Treasurer.....	Larry Lorentz
Income Tax Commissioner.....	Leonard Wiggins, II

Safety and Service

Safety/Service Director.....	Dale Myers, Jr.
Public Works Superintendent.....	Mike Betz
Police Chief.....	Ira Walker
Fire Chief.....	Wesley Walker
Water Department Foreman.....	Bill Harpold
Sewer Department Senior Operator.....	Howard Watkins, Jr.

CITY of BELPRE, OHIO

Organization Chart



FINANCIAL SECTION

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

City of Belpre
Washington County
P.O. Box 160
Belpre, Ohio 45714-0160

To the City Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Belpre, Washington County, Ohio (the City), as of and for the year ended December 31, 2003, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Belpre, Washington County, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General, Street, Permissive Tax and Parks and Recreation Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining Statements and Individual Fund Schedules and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. We subjected the Combining Statements and Individual Fund 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 Section to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 9, 2004

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
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, 2003. 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 and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

In total, net assets decreased \$57,978. Net assets of governmental activities decreased \$566,901 or 4 percent from 2002. Net assets of business-type activities increased \$508,923, which represents an 8 percent increase from 2002.

In total, cash and cash equivalents increased \$161,578 or 10 percent. Total cash and cash equivalents of governmental activities decreased \$72,441 or 13 percent, while cash and cash equivalents in our business-type activities increased \$234,019 or 21 percent.

Overall, capital assets increased \$152,162. Total capital assets from governmental activities decreased \$558,769 or 4 percent. Capital assets of business-type activities increased \$710,931 or 12 percent.

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.

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

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 ask the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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 16. Fund financial reports provide detailed information about the City's major funds. Based upon restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Belpre, our major funds are the General, Street, Permissive Tax, Parks and Recreation, 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.

City of Belpre, Ohio
Management's Discussion and Analysis
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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 2003 compared to 2002.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets						
Current and Other Assets	\$1,416,840	\$1,378,847	\$1,633,702	\$1,372,712	\$3,050,542	\$2,751,559
Capital Assets, Net	14,604,233	15,163,002	6,723,545	6,012,614	21,327,778	21,175,616
<i>Total Assets</i>	<u>16,021,073</u>	<u>16,541,849</u>	<u>8,357,247</u>	<u>7,385,326</u>	<u>24,378,320</u>	<u>23,927,175</u>
Liabilities						
Current and Other Liabilities	527,320	372,903	489,836	378,957	1,017,156	751,860
Long-term Liabilities						
Due Within One Year	31,615	111,575	169,884	185,983	201,499	297,558
Due in More Than One Year	164,366	192,698	923,091	554,873	1,087,457	747,571
<i>Total Liabilities</i>	<u>723,301</u>	<u>677,176</u>	<u>1,582,811</u>	<u>1,119,813</u>	<u>2,306,112</u>	<u>1,796,989</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	14,466,941	14,914,188	5,643,804	5,285,321	20,110,745	20,199,509
Restricted:						
Capital Projects	179,218	188,860	0	0	179,218	188,860
Other Purposes	262,767	254,831	0	0	262,767	254,831
Unclaimed Monies	3,957	3,957	0	0	3,957	3,957
Unrestricted	384,889	502,837	1,130,632	980,192	1,515,521	1,483,029
<i>Total Net Assets</i>	<u>\$15,297,772</u>	<u>\$15,864,673</u>	<u>\$6,774,436</u>	<u>\$6,265,513</u>	<u>\$22,072,208</u>	<u>\$22,130,186</u>

Total assets increased \$451,145. Total cash and cash equivalents increased \$161,578, as governmental activities' capital assets decreased \$558,769 and capital assets for the business-type activities increased \$710,931. The decrease in governmental activities is due to depreciation expense on capital assets which exceeded current year acquisitions of capital assets. The increase in capital assets in business activities is due to increased capital acquisitions, mostly for the completion of the sewer treatment plant improvement project and the start of the water tank replacement project (see the contractual commitment note 13), that exceeded current year depreciation.

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Net assets of the City's governmental activities decreased \$566,901. Most of this decrease can be attributed to depreciation of general infrastructure assets and the corresponding decrease in net assets: invested in capital assets, net of related debt.

Total governmental activities liabilities increased \$46,125. Current liabilities increased \$154,417. This is mainly from contracts and retainage payables to a contractor for a paving project for \$129,806 and \$3,534, respectively. Long-term liabilities decreased \$108,292 as the City made required loan payments while not issuing any new debt in 2003.

The net assets of the City's business type activities increased \$508,923, with investment in capital assets representing \$358,483 of the increase. With usage rates generating operating revenue which exceeds expenses, the financial condition of the business-type activities is sound. The City continued to invest heavily in our sewer treatment facility. The treatment facility upgrade began in 2000 and was completed by the end of 2003. Total amounts expensed on this upgrade were \$1,543,282. The Ohio Public Works Commission provided \$198,000 in grant funds and \$207,000 in low interest (2.0%) loans for this project, with the balance loaned from the Peoples Banking & Trust Company to the City. Since the City's sewer infrastructure had not been updated for several decades, continual improvements to the plant and the sewer lines carrying the flow to the plant have been our top priority for at least the last two years. The City also started the Putnam Howe Drive water storage tank project. At year end, the City had spent \$317,536 on the water tank.

Table 2 shows the changes in net assets for the year ended December 31, 2003.

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(Table 2)
Changes in Net Assets

	Governmental Activities 2003	Business- Type Activities 2003	Total 2003	Governmental Activities 2002	Business- Type Activities 2002	Total 2002
Revenues						
Program Revenues						
Charges for Services	\$312,732	\$2,466,662	\$2,779,394	\$302,078	\$2,467,419	\$2,769,497
Operating Grants, Contributions and Interest Capital Grants and Contributions	494,271	0	494,271	232,964	0	232,964
	<u>252,268</u>	<u>14,946</u>	<u>267,214</u>	<u>53,273</u>	<u>57,588</u>	<u>110,861</u>
Total Program Revenues	<u>1,059,271</u>	<u>2,481,608</u>	<u>3,540,879</u>	<u>588,315</u>	<u>2,525,007</u>	<u>3,113,322</u>
General Revenues						
Property Taxes	277,250	0	277,250	266,053	0	266,053
Income Taxes	911,656	0	911,656	972,380	0	972,380
Franchise Fees	15,936	0	15,936	15,507	0	15,507
Grants and Entitlements	253,584	0	253,584	197,008	0	197,008
Investment Earnings	26,815	0	26,815	31,556	0	31,556
Other	18,366	1,464	19,830	7,632	12,688	20,320
Total General Revenues	<u>1,503,607</u>	<u>1,464</u>	<u>1,505,071</u>	<u>1,490,136</u>	<u>12,688</u>	<u>1,502,824</u>
<i>Total Revenues</i>	<u>2,562,878</u>	<u>2,483,072</u>	<u>5,045,950</u>	<u>2,078,451</u>	<u>2,537,695</u>	<u>4,616,146</u>
Program Expenses						
General Government	525,298	0	525,298	483,156	0	483,156
Security of Persons and Property:						
Police	908,510	0	908,510	849,745	0	849,745
Fire	209,677	0	209,677	198,077	0	198,077
Public Health Services	33,494	0	33,494	33,077	0	33,077
Transportation	1,123,332	0	1,123,332	1,609,828	0	1,609,828
Leisure Time Activities:						
Senior Center	33,288	0	33,288	25,688	0	25,688
Parks	304,306	0	304,306	96,444	0	96,444
Pool	9,328	0	9,328	10,051	0	10,051
Interest and Fiscal Charges	8,921	0	8,921	16,621	0	16,621
Sanitation	0	482,248	482,248	0	529,784	529,784
Sewer	0	928,093	928,093	0	978,181	978,181
Water	0	537,433	537,433	0	511,565	511,565
Total Program Expenses	<u>3,156,154</u>	<u>1,947,774</u>	<u>5,103,928</u>	<u>3,322,687</u>	<u>2,019,530</u>	<u>5,342,217</u>
<i>Increase (Deficiency)</i> <i>Before Transfers</i>	(593,276)	535,298	(57,978)	(1,244,236)	518,165	(726,071)
Transfers	26,375	(26,375)	0	80,000	(80,000)	0
<i>Increase (Decrease)</i> <i>in Net Assets</i>	<u>(\$566,901)</u>	<u>\$508,923</u>	<u>(\$57,978)</u>	<u>(\$1,164,236)</u>	<u>\$438,165</u>	<u>(\$726,071)</u>

City of Belpre, Ohio
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Governmental Activities

Several revenue sources fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate is 1.0 percent. General revenues from grants and entitlements, such as local government funds, are also a large revenue generator. The City monitors both of these revenue sources very closely for fluctuations because the income tax and intergovernmental revenue represent 73 percent of all revenues in the governmental activities.

As with the further slowdown in the national economy, income tax collections experienced a small decrease of \$60,724, almost 7%. 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 35% of the governmental expenses. During 2003, expenses for police and fire operations amounted to \$908,510 and \$209,677, 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. Street paving, patching, and street lighting expenses during 2003 amounted to \$419,164, with most of the remaining transportation expenses representing depreciation in the amount of \$704,168.

Parks activities increased \$207,862 in 2003. The City spent a \$200,000 grant for a park enhancement study from the Corps of Engineers during 2003.

Business-Type Activities

The City's business-type activities are the water and sewer departments and sanitation services. The City 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 2003, program revenues exceeded expenses by \$533,834.

The City's water and sewer departments continued to operate with low rates. The minimum water rate is \$6.27 for the first 3,000 gallons of water. Water rates for two neighboring water associations are \$16.30 and \$19.80 for the first 3,000 gallons of water. The new City water wells were completed in 2002, the major upgrade to the sewer treatment plant was completed in 2003, and a new 500,000 gallon water storage tank was started in 2003.

City of Belpre, Ohio
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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 \$2,549,995 and expenditures of \$2,704,699. During 2001, City Council approved the closure of the swimming pool due to significant repairs and improvements needing to be made. The City's pool remained closed in 2003.

The City's street paving projects during 2003 amounted to \$281,921, a \$249,501 increase from 2002's projects of \$32,420.

The fund balance of the General Fund decreased \$113,799. A \$26,375 transfer was received from the Sanitation Enterprise Fund. The General Fund's Unreserved Fund Balance of \$341,922 represented 21% of current year expenditures. Most of this balance remains in the City's treasury and is invested.

During 2003, the Water Fund had operating revenues of \$626,079 and operating expenses of \$514,501. The Sewer Fund had operating revenues of \$1,253,528 and operating expenses of \$898,374. Utility rates increased on July 1, 2002, with water rates increasing ten percent and sewer rates increasing four percent.

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 2003, the City amended its General Fund budget several times, none significant. All recommendations for a budget change came 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.

For the General Fund, an increase of \$8,000 was made to the original budgeted revenues. Final budgeted expenditures also increased \$8,000 over the original amount. The City of Belpre's ending unencumbered cash balance in the General Fund was \$107,887 above the final budgeted amount.

City of Belpre, Ohio
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Capital Assets and Debt Administration

Capital Assets

(Table 3)
 Capital Assets at December 31, 2003

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$2,024,318	\$2,024,318	\$250,754	\$250,754	\$2,275,072	\$2,275,072
Buildings and Improvements	1,690,935	1,746,758	637,228	633,958	2,328,163	2,380,716
Machinery and Equipment	300,836	331,965	544,593	546,830	845,429	878,795
Vehicles	171,171	282,712	38,334	48,143	209,505	330,855
Infrastructure:						
U.S. and State Roads	3,050,088	3,253,427	0	0	3,050,088	3,253,427
City Streets	7,153,296	7,320,807	0	0	7,153,296	7,320,807
Street Signals	187,398	203,015	0	0	187,398	203,015
Sewer System	0	0	2,865,162	1,324,138	2,865,162	1,324,138
Water System	0	0	2,069,938	2,124,595	2,069,938	2,124,595
Construction in Progress	26,191	0	317,536	1,084,196	343,727	1,084,196
Totals	<u>\$14,604,233</u>	<u>\$15,163,002</u>	<u>\$6,723,545</u>	<u>\$6,012,614</u>	<u>\$21,327,778</u>	<u>\$21,175,616</u>

The assets of the City are reported at historical cost, net of depreciation. The primary decrease is construction in progress in the Sewer Fund due to the completion of the treatment plant improvements. For additional information on capital assets, see Note 9 to the basic financial statements.

Debt

The City had no bond issues outstanding but did have various loans payable at December 31, 2003, totaling \$1,208,433 of which \$198,998 is due within one year. The City has three Ohio Public Works Issue II loans outstanding, one for water well replacement, one for sewer treatment plant improvements, and one for paving. The City has five additional loans outstanding, one for property, one for a backhoe, one for the city building, one for water lines, and one for the sewer treatment facility.

City of Belpre, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2003
Unaudited

(Table 4)
 Outstanding Debt at December 31, 2003

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
City Building Loan	\$91,936	\$103,781	\$183,873	\$207,563	\$275,809	\$311,344
Property Loan	13,162	23,533	26,325	47,068	39,487	70,601
Backhoe Loan	4,388	7,953	8,779	15,908	13,167	23,861
Issue II Water Well Loan	0	0	73,450	76,810	73,450	76,810
Water Lines Loan	0	0	99,544	110,712	99,544	110,712
Sewer Treatment Plant Loan	0	0	472,170	222,624	472,170	222,624
Issue II Sewer Treatment Plant Loan	0	0	207,000	46,608	207,000	46,608
Fire Truck Loan	0	75,000	0	0	0	75,000
Issue II Paving Loan	27,806	38,547	0	0	27,806	38,547
Police Pension	22,509	22,845	0	0	22,509	22,845
Totals	<u>\$159,801</u>	<u>\$271,659</u>	<u>\$1,071,141</u>	<u>\$727,293</u>	<u>\$1,230,942</u>	<u>\$998,952</u>

The city building, property, and backhoe loans are paid equally from three funds: Capital Improvement, Sewer, and Water. The Capital Improvement portion will be paid from income tax revenues and the Water and Sewer portions will be paid from charges for services. Permissive motor vehicle license tax is pledged to pay the debt of the Issue II Paving Loan.

At year end, the City had contractual commitments of \$768,851, of which \$317,536 had been expended, for a water tank replacement project.

The City's overall legal debt margin was \$8,965,671 at December 31, 2003. For additional information on debt, see Note 12 to the basic financial statements.

Current Finance Related Activities

Stress on the City of Belpre's finances became apparent near the end of 2003. However, infrastructure upgrades continued to be a major priority for the City. Final costs for the sewer treatment plant upgrade reached \$1,543,282. This project was funded with grants from the Ohio Public Works Commission and the Washington County Commissioners, as well as loans from the Ohio Public Works Commission and local banks. The much needed water storage tank project, which started in 2003, has estimated costs of \$768,851.

I personally thank Ms. Betty Montgomery, our State Auditor, and her staff, especially the Local Government Services Division, for their involvement and tremendous amount of help in putting together these statements. Ms. Montgomery'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.

City of Belpre, Ohio
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For the Year Ended December 31, 2003
Unaudited

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, 2003

	Governmental	Business-Type	Total
	<u>Activities</u>	<u>Activities</u>	
Assets			
Equity in Pooled Cash and Cash Equivalents	\$484,794	\$1,343,784	\$1,828,578
Cash and Cash Equivalents in Segregated Accounts	9,865	0	9,865
Investments	0	50,000	50,000
Accounts Receivable	21,685	201,813	223,498
Accrued Interest Receivable	12	0	12
Permissive Tax Receivable	2,729	0	2,729
Due from Other Governments	344,498	25,000	369,498
Municipal Income Tax Receivable	229,889	0	229,889
Materials and Supplies Inventory	5,045	1,066	6,111
Prepaid Items	37,058	12,039	49,097
Property and Other Taxes Receivable	281,265	0	281,265
Non-Depreciable Capital Assets	2,050,509	568,290	2,618,799
Depreciable Capital Assets, Net	<u>12,553,724</u>	<u>6,155,255</u>	<u>18,708,979</u>
<i>Total Assets</i>	<u>16,021,073</u>	<u>8,357,247</u>	<u>24,378,320</u>
Liabilities			
Accounts Payable	25,547	32,658	58,205
Contracts Payable	129,806	265,127	394,933
Accrued Wages	25,697	13,000	38,697
Due to Other Governments	31,446	12,235	43,681
Deferred Revenue	268,604	0	268,604
Accrued Interest Payable	120	0	120
Retainage Payable	3,534	23,054	26,588
Vacation Benefits Payable	42,366	29,567	71,933
Due to Others	200	0	200
Customer Deposits Payable	0	114,195	114,195
Long-Term Liabilities:			
Due Within One Year	31,615	169,884	201,499
Due In More Than One Year	<u>164,366</u>	<u>923,091</u>	<u>1,087,457</u>
<i>Total Liabilities</i>	<u>723,301</u>	<u>1,582,811</u>	<u>2,306,112</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	14,466,941	5,643,804	20,110,745
Restricted for:			
Capital Projects	179,218	0	179,218
Other Purposes	262,767	0	262,767
Unclaimed Monies	3,957	0	3,957
Unrestricted	<u>384,889</u>	<u>1,130,632</u>	<u>1,515,521</u>
<i>Total Net Assets</i>	<u>\$15,297,772</u>	<u>\$6,774,436</u>	<u>\$22,072,208</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Activities
For the Year Ended December 31, 2003

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	\$525,298	\$99,130	\$0	\$0
Security of Persons and Property:				
Police	908,510	154,428	4,927	0
Fire	209,677	0	8,985	0
Public Health Services	33,494	13,670	805	0
Transportation	1,123,332	42,704	263,970	244,918
Leisure Time Activities:				
Senior Center	33,288	0	5,573	0
Parks	304,306	2,800	210,011	7,350
Pool	9,328	0	0	0
Interest and Fiscal Charges	8,921	0	0	0
<i>Total Governmental Activities</i>	3,156,154	312,732	494,271	252,268
Business-Type Activities				
Sanitation	482,248	588,519	0	0
Sewer	928,093	1,252,504	0	0
Water	537,433	625,639	0	14,946
<i>Total Business-Type Activities</i>	1,947,774	2,466,662	0	14,946
<i>Total</i>	\$5,103,928	\$2,779,394	\$494,271	\$267,214

General Revenues

Property Taxes Levied for General Purposes
Income Taxes Levied for:
 General Purposes
 Capital Outlay
Franchise Fees
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Other

Total General Revenues

Transfers

Change in Net Assets

Net Assets Beginning of Year (Restated - See Note 4)

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
(\$426,168)	\$0	(\$426,168)
(749,155)	0	(749,155)
(200,692)	0	(200,692)
(19,019)	0	(19,019)
(571,740)	0	(571,740)
(27,715)	0	(27,715)
(84,145)	0	(84,145)
(9,328)	0	(9,328)
(8,921)	0	(8,921)
<u>(2,096,883)</u>	<u>0</u>	<u>(2,096,883)</u>
0	106,271	106,271
0	324,411	324,411
0	103,152	103,152
<u>0</u>	<u>533,834</u>	<u>533,834</u>
<u>(2,096,883)</u>	<u>533,834</u>	<u>(1,563,049)</u>
277,250	0	277,250
673,969	0	673,969
237,687	0	237,687
15,936	0	15,936
253,584	0	253,584
26,815	0	26,815
18,366	1,464	19,830
1,503,607	1,464	1,505,071
<u>26,375</u>	<u>(26,375)</u>	<u>0</u>
(566,901)	508,923	(57,978)
<u>15,864,673</u>	<u>6,265,513</u>	<u>22,130,186</u>
<u>\$15,297,772</u>	<u>\$6,774,436</u>	<u>\$22,072,208</u>

City of Belpre, Ohio
Balance Sheet
Governmental Funds
December 31, 2003

	General	Street	Permissive Tax	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$202,645	\$12,264	\$97,679	\$29,607	\$142,599	\$484,794
Cash and Cash Equivalents in Segregated Accounts	8,971	0	0	0	894	9,865
Receivables:						
Property and Other Taxes	281,265	0	0	0	0	281,265
Municipal Income Tax	137,934	0	0	0	91,955	229,889
Permissive Tax	0	0	2,729	0	0	2,729
Accounts	21,685	0	0	0	0	21,685
Accrued Interest	12	0	0	0	0	12
Due from Other Governments	122,738	117,856	86,999	7,350	9,555	344,498
Materials and Supplies Inventory	795	4,250	0	0	0	5,045
Prepaid Items	29,159	4,106	0	3,793	0	37,058
<i>Total Assets</i>	<u>\$805,204</u>	<u>\$138,476</u>	<u>\$187,407</u>	<u>\$40,750</u>	<u>\$245,003</u>	<u>\$1,416,840</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable	\$14,520	\$5,166	\$624	\$1,362	\$3,875	\$25,547
Contracts Payable	0	0	129,806	0	0	129,806
Retainage Payable	0	0	3,534	0	0	3,534
Accrued Wages	20,864	4,833	0	0	0	25,697
Due to Other Governments	27,392	3,161	0	293	600	31,446
Deferred Revenue	389,825	89,283	6,551	0	24,732	510,391
Due to Others	200	0	0	0	0	200
<i>Total Liabilities</i>	<u>452,801</u>	<u>102,443</u>	<u>140,515</u>	<u>1,655</u>	<u>29,207</u>	<u>726,621</u>
Fund Balances						
Reserved for Encumbrances	5,729	6,037	0	3,469	3,577	18,812
Reserved for Inventory	795	4,250	0	0	0	5,045
Reserved for Unclaimed Monies	3,957	0	0	0	0	3,957
Unreserved, Undesignated, Reported in:						
General Fund	341,922	0	0	0	0	341,922
Special Revenue Funds	0	25,746	46,892	35,626	53,978	162,242
Capital Projects Funds	0	0	0	0	158,241	158,241
<i>Total Fund Balances</i>	<u>352,403</u>	<u>36,033</u>	<u>46,892</u>	<u>39,095</u>	<u>215,796</u>	<u>690,219</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$805,204</u>	<u>\$138,476</u>	<u>\$187,407</u>	<u>\$40,750</u>	<u>\$245,003</u>	<u>\$1,416,840</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, 2003*

Total Governmental Fund Balances \$690,219

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

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 14,604,233

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

Investment Earnings	129	
Property Taxes	12,608	
Municipal Income Tax	43,736	
Intergovernmental Revenues	178,314	
Fines, Licenses, and Permits	7,000	
Total	241,787	241,787

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

Police Pension Payable	(22,509)	
Accrued Interest Payable	(120)	
Loans Payable	(137,292)	
Compensated Absences Payable	(36,180)	
Vacation Benefits Payable	(42,366)	
Total	(238,467)	(238,467)

Net Assets of Governmental Activities \$15,297,772

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, 2003

	General	Street	Permissive Tax	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Revenues						
Property and Other Taxes	\$275,816	\$0	\$0	\$0	\$0	\$275,816
Municipal Income Tax	686,026	0	0	0	245,725	931,751
Motor Vehicle License Tax	0	0	36,379	0	0	36,379
Charges for Services	79,000	6,325	0	2,800	0	88,125
Fines, Licenses and Permits	178,458	0	0	0	16,361	194,819
Intergovernmental	220,107	215,140	260,481	207,350	33,735	936,813
Investment Earnings	27,462	101	0	0	542	28,105
Donations	15,958	0	0	10,011	0	25,969
Other	31,463	6	0	285	464	32,218
<i>Total Revenues</i>	<u>1,514,290</u>	<u>221,572</u>	<u>296,860</u>	<u>220,446</u>	<u>296,827</u>	<u>2,549,995</u>
Expenditures						
Current:						
General Government	492,811	0	0	0	0	492,811
Security of Persons and Property:						
Police	850,302	0	0	0	19,436	869,738
Fire	119,844	0	0	0	0	119,844
Public Health Services	33,125	0	0	0	0	33,125
Transportation	72,952	295,912	311,522	0	32,689	713,075
Leisure Time Activities:						
Senior Center	25,430	0	0	0	0	25,430
Parks	0	0	0	278,409	0	278,409
Pool	0	0	0	0	480	480
Capital Outlay	0	0	0	0	51,324	51,324
Debt Service:						
Principal Retirement	0	0	10,741	0	100,781	111,522
Interest and Fiscal Charges	0	0	717	0	8,224	8,941
<i>Total Expenditures</i>	<u>1,594,464</u>	<u>295,912</u>	<u>322,980</u>	<u>278,409</u>	<u>212,934</u>	<u>2,704,699</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(80,174)</u>	<u>(74,340)</u>	<u>(26,120)</u>	<u>(57,963)</u>	<u>83,893</u>	<u>(154,704)</u>
Other Financing Sources (Uses)						
Transfers In	26,375	60,000	0	87,000	0	173,375
Transfers Out	(60,000)	0	0	0	(87,000)	(147,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(33,625)</u>	<u>60,000</u>	<u>0</u>	<u>87,000</u>	<u>(87,000)</u>	<u>26,375</u>
<i>Net Change in Fund Balances</i>	<u>(113,799)</u>	<u>(14,340)</u>	<u>(26,120)</u>	<u>29,037</u>	<u>(3,107)</u>	<u>(128,329)</u>
<i>Fund Balances Beginning of Year</i>	466,447	50,421	73,012	10,058	218,903	818,841
Decrease in Reserve for Inventory	(245)	(48)	0	0	0	(293)
<i>Fund Balances End of Year</i>	<u>\$352,403</u>	<u>\$36,033</u>	<u>\$46,892</u>	<u>\$39,095</u>	<u>\$215,796</u>	<u>\$690,219</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, 2003*

Net Change in Fund Balances - Total Governmental Funds (5128,329)

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	337,170	
Depreciation	<u>(895,939)</u>	
Excess of Depreciation Expense over Capital Outlay		(558,769)

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

Investment Earnings	(647)	
Property and Other Taxes	1,434	
Municipal Income Tax	(20,095)	
Estate Taxes	4,705	
Grants	4,448	
State Shared Revenues	<u>23,038</u>	
Total		12,883

In the statement of activities, interest is accrued on outstanding loans, whereas in governmental funds, an interest expenditure is reported when due. 23

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 111,522

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	(293)	
Vacation Benefits Payable	(708)	
Compensated Absences Payable - Sick	(3,566)	
Police Pension Payable	<u>336</u>	
Total		<u>(4,231)</u>

Change in Net Assets of Governmental Activities (566,901)

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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Property and Other Taxes	\$270,376	\$270,376	\$275,848	\$5,472
Municipal Income Tax	681,075	681,075	692,438	11,363
Charges for Services	79,000	79,000	79,000	0
Fines, Licenses and Permits	147,100	155,100	176,580	21,480
Intergovernmental	201,245	201,245	207,866	6,621
Investment Earnings	33,750	33,750	28,827	(4,923)
Donations	6,100	6,100	15,909	9,809
Other	18,727	18,727	29,555	10,828
<i>Total Revenues</i>	<u>1,437,373</u>	<u>1,445,373</u>	<u>1,506,023</u>	<u>60,650</u>
Expenditures				
Current:				
General Government	537,187	543,487	494,161	49,326
Security of Persons and Property:				
Police	917,972	915,472	851,701	63,771
Fire	130,635	130,635	123,310	7,325
Public Health Services	38,771	41,271	34,617	6,654
Transportation	76,000	76,000	73,168	2,832
Leisure Time Activities - Senior Center	24,920	26,620	25,666	954
<i>Total Expenditures</i>	<u>1,725,485</u>	<u>1,733,485</u>	<u>1,602,623</u>	<u>130,862</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(288,112)</u>	<u>(288,112)</u>	<u>(96,600)</u>	<u>191,512</u>
Other Financing Sources (Uses)				
Transfers In	110,000	110,000	26,375	(83,625)
Transfers Out	(60,000)	(60,000)	(60,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>50,000</u>	<u>50,000</u>	<u>(33,625)</u>	<u>(83,625)</u>
<i>Net Change in Fund Balance</i>	(238,112)	(238,112)	(130,225)	107,887
<i>Fund Balance Beginning of Year</i>	303,233	303,233	303,233	0
Prior Year Encumbrances Appropriated	9,588	9,588	9,588	0
<i>Fund Balance End of Year</i>	<u>\$74,709</u>	<u>\$74,709</u>	<u>\$182,596</u>	<u>\$107,887</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Charges for Services	\$8,000	\$8,000	\$6,325	(\$1,675)
Intergovernmental	205,500	205,500	216,187	10,687
Investment Earnings	600	600	144	(456)
Other	<u>0</u>	<u>0</u>	<u>6</u>	<u>6</u>
<i>Total Revenues</i>	214,100	214,100	222,662	8,562
Expenditures				
Current:				
Transportation	<u>328,207</u>	<u>329,207</u>	<u>302,546</u>	<u>26,661</u>
<i>Excess of Revenues Under Expenditures</i>	(114,107)	(115,107)	(79,884)	35,223
Other Financing Sources				
Transfers In	<u>107,000</u>	<u>107,000</u>	<u>60,000</u>	<u>(47,000)</u>
<i>Net Change in Fund Balance</i>	(7,107)	(8,107)	(19,884)	(11,777)
<i>Fund Balance Beginning of Year</i>	18,845	18,845	18,845	0
Prior Year Encumbrances Appropriated	<u>3,342</u>	<u>3,342</u>	<u>3,342</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$15,080</u>	<u>\$14,080</u>	<u>\$2,303</u>	<u>(\$11,777)</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Tax Fund
For the Year Ended December 31, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Motor Vehicle License Tax	\$35,700	\$35,700	\$36,256	\$556
Intergovernmental	267,800	289,914	180,033	(109,881)
Other	0	86	0	(86)
<i>Total Revenues</i>	303,500	325,700	216,289	(109,411)
Expenditures				
Current:				
Transportation	326,300	348,501	177,558	170,943
Debt Service:				
Principal Retirement	10,741	10,741	10,741	0
Interest and Fiscal Charges	717	717	717	0
<i>Total Expenditures</i>	337,758	359,959	189,016	170,943
<i>Net Change in Fund Balance</i>	(34,258)	(34,259)	27,273	61,532
<i>Fund Balance Beginning of Year</i>	70,406	70,406	70,406	0
<i>Fund Balance End of Year</i>	\$36,148	\$36,147	\$97,679	\$61,532

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
Parks and Recreation Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$2,500	\$2,500	\$2,800	\$300
Intergovernmental	100,000	300,000	200,000	(100,000)
Donations	8,000	8,000	10,011	2,011
Other	750	750	285	(465)
<i>Total Revenues</i>	111,250	311,250	213,096	(98,154)
Expenditures				
Current:				
Leisure Time Activities	189,963	389,963	282,906	107,057
<i>Excess of Revenues Under Expenditures</i>	(78,713)	(78,713)	(69,810)	8,903
Other Financing Sources				
Transfers In	78,000	78,000	87,000	9,000
<i>Net Change in Fund Balance</i>	(713)	(713)	17,190	17,903
<i>Fund Balance Beginning of Year</i>	8,948	8,948	8,948	0
<i>Fund Balance End of Year</i>	<u>\$8,235</u>	<u>\$8,235</u>	<u>\$26,138</u>	<u>\$17,903</u>

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Fund Net Assets
Enterprise Funds
December 31, 2003

	Sanitation	Sewer	Water	Total Enterprise Funds
Assets				
Current:				
Equity in Pooled Cash and Cash Equivalents	\$287,545	\$418,916	\$573,128	\$1,279,589
Accounts Receivable	45,423	104,245	52,145	201,813
Due from Other Governments	0	25,000	0	25,000
Materials and Supplies Inventory	0	668	398	1,066
Restricted Assets:				
Customer Deposits	0	0	64,195	64,195
Investments	0	0	50,000	50,000
Prepaid Items	1,007	5,542	5,490	12,039
<i>Total Current Assets</i>	<u>333,975</u>	<u>554,371</u>	<u>745,356</u>	<u>1,633,702</u>
Noncurrent:				
Non-Depreciable Capital Assets	0	78,805	489,485	568,290
Depreciable Capital Assets, Net	0	3,642,587	2,512,668	6,155,255
<i>Total Noncurrent Assets</i>	<u>0</u>	<u>3,721,392</u>	<u>3,002,153</u>	<u>6,723,545</u>
<i>Total Assets</i>	<u>333,975</u>	<u>4,275,763</u>	<u>3,747,509</u>	<u>8,357,247</u>
Liabilities				
Current:				
Accounts Payable	18,488	5,659	8,511	32,658
Contracts Payable	0	2,150	265,127	267,277
Accrued Wages	225	9,622	3,153	13,000
Retainage Payable	0	0	23,054	23,054
Vacation Benefits Payable	796	19,181	9,590	29,567
Due to Other Governments	1,718	6,949	3,568	12,235
Issue II Loans Payable	0	4,234	1,705	5,939
Loans Payable	0	125,888	35,907	161,795
<i>Total Current Liabilities</i>	<u>21,227</u>	<u>173,683</u>	<u>350,615</u>	<u>545,525</u>
Current Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	0	0	114,195	114,195
Long-Term:				
Compensated Absences Payable	396	10,354	2,484	13,234
Contracts Payable	0	3,225	3,225	6,450
Issue II Loans Payable	0	202,766	71,745	274,511
Loans Payable	0	455,771	173,125	628,896
<i>Total Long-Term Liabilities</i>	<u>396</u>	<u>672,116</u>	<u>250,579</u>	<u>923,091</u>
<i>Total Liabilities</i>	<u>21,623</u>	<u>845,799</u>	<u>715,389</u>	<u>1,582,811</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	0	2,927,358	2,716,446	5,643,804
Unrestricted	312,352	502,606	315,674	1,130,632
<i>Total Net Assets</i>	<u>\$312,352</u>	<u>\$3,429,964</u>	<u>\$3,032,120</u>	<u>\$6,774,436</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, 2003*

	Sanitation	Sewer	Water	Total Enterprise Funds
Operating Revenues				
Charges for Services	\$588,519	\$1,252,504	\$625,639	\$2,466,662
Other Operating Revenues	0	1,024	440	1,464
<i>Total Operating Revenues</i>	<u>588,519</u>	<u>1,253,528</u>	<u>626,079</u>	<u>2,468,126</u>
Operating Expenses				
Salaries and Wages	6,992	268,725	102,084	377,801
Fringe Benefits	2,994	102,747	46,345	152,086
Contractual Services	465,430	362,836	164,828	993,094
Materials and Supplies	6,832	39,076	117,279	163,187
Depreciation	0	124,990	83,965	208,955
<i>Total Operating Expenses</i>	<u>482,248</u>	<u>898,374</u>	<u>514,501</u>	<u>1,895,123</u>
<i>Operating Income</i>	106,271	355,154	111,578	573,003
Non Operating Expenses				
Loss on Disposal of Capital Assets	0	0	(7,606)	(7,606)
Interest and Fiscal Charges	0	(29,719)	(15,326)	(45,045)
<i>Total Non Operating Expenses</i>	<u>0</u>	<u>(29,719)</u>	<u>(22,932)</u>	<u>(52,651)</u>
<i>Income Before Contributions and Transfers</i>	106,271	325,435	88,646	520,352
Capital Contributions	0	0	14,946	14,946
Transfers Out	(26,375)	0	0	(26,375)
<i>Change in Net Assets</i>	79,896	325,435	103,592	508,923
<i>Net Assets Beginning of Year - (Restated - See Note 4)</i>	<u>232,456</u>	<u>3,104,529</u>	<u>2,928,528</u>	<u>6,265,513</u>
<i>Net Assets End of Year</i>	<u>\$312,352</u>	<u>\$3,429,964</u>	<u>\$3,032,120</u>	<u>\$6,774,436</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, 2003

	Sanitation	Sewer	Water	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$583,917	\$1,240,933	\$616,873	\$2,441,723
Cash Payments for Employee Services and Benefits	(9,882)	(370,427)	(147,932)	(528,241)
Cash Payments to Suppliers for Goods and Services	(470,953)	(409,915)	(285,820)	(1,166,688)
Other Operating Revenues	0	1,024	440	1,464
Customer Deposits Received	0	0	11,945	11,945
Customer Deposits Returned	0	0	(3,331)	(3,331)
<i>Net Cash Provided by Operating Activities</i>	<u>103,082</u>	<u>461,615</u>	<u>192,175</u>	<u>756,872</u>
Cash Flows from Noncapital Financing Activities:				
Transfers Out	(26,375)	0	0	(26,375)
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	0	(600,962)	(46,465)	(647,427)
Proceeds of Loans	0	368,212	0	368,212
Principal Paid on Debt	0	(144,446)	(42,460)	(186,906)
Interest Paid on Debt	0	(29,865)	(15,438)	(45,303)
Capital Contributions	0	0	14,946	14,946
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>0</u>	<u>(407,061)</u>	<u>(89,417)</u>	<u>(496,478)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	76,707	54,554	102,758	234,019
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>210,838</u>	<u>364,362</u>	<u>534,565</u>	<u>1,109,765</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$287,545</u>	<u>\$418,916</u>	<u>\$637,323</u>	<u>\$1,343,784</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
<i>Operating Income</i>	\$106,271	\$355,154	\$111,578	\$573,003
Adjustments:				
Depreciation	0	124,990	83,965	208,955
(Increase)/Decrease in Assets:				
Accounts Receivable	(4,602)	(11,347)	(8,766)	(24,715)
Materials and Supplies Inventory	0	(180)	1,342	1,162
Prepaid Items	(623)	(1,404)	(1,391)	(3,418)
Increase/(Decrease) in Liabilities:				
Accounts Payable	353	(4,380)	(1,779)	(5,806)
Accrued Wages	40	638	347	1,025
Compensated Absences Payable	12	(212)	(129)	(329)
Customer Deposits	0	0	8,614	8,614
Vacation Benefits Payable	18	(544)	219	(307)
Due to Other Governments	1,613	(1,100)	(1,825)	(1,312)
<i>Net Cash Provided by Operating Activities</i>	<u>\$103,082</u>	<u>\$461,615</u>	<u>\$192,175</u>	<u>\$756,872</u>

Noncash Capital and Related Financing Activities:

During the year, the Sewer Enterprise Fund received the benefit of a loan of \$160,392 from the Ohio Public Works Commission for the Sewer Treatment Plant improvements.

See accompanying notes to the basic financial statements

City of Belpre, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2003

Assets

Equity Pooled in Cash and Cash Equivalents	\$82,139
Cash and Cash Equivalents in Segregated Accounts	<u>2,561</u>

<i>Total Assets</i>	<u><u>\$84,700</u></u>
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Liabilities

Due to Other Governments	\$82,139
Due to Others	<u>2,561</u>

<i>Total Liabilities</i>	<u><u>\$84,700</u></u>
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See accompanying notes to the basic financial statements

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 16.

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 proprietary funds provided they do not 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, 2003

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 activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each 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.

Permissive Tax Fund The Permissive Tax Fund is used to account for monies received from two additional \$5 motor vehicle licenses fees, one imposed by Washington County and one by the City, and state grants for paving. The monies are used for the maintenance of public roads, highways, and streets within the City.

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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, 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, 2003

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, 2003, but which were levied to finance year 2004 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, 2003

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 function 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.

During 2003, 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 2003 amounted to \$27,462, which includes \$23,963 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.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

G. Inventory

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

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

Inventory consists of expendable supplies held for consumption.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2003, 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.

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 proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market 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, 2003

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

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 following the year 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, special termination benefits, and contractually required pension contributions 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 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 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.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Net assets restricted for other purposes include activities related to the mayor's court, the City's parks and pool, law enforcement, and street and state highway maintenance and repairs.

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 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.

Q. Interfund Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after 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 Balances - 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, 2003

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 represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

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, Permissive Tax, and Parks and Recreation Special Revenue Funds.

Net Change in Fund Balance

	General	Street	Permissive Tax	Parks and Recreation
GAAP Basis	(\$113,799)	(\$14,340)	(\$26,120)	\$29,037
Net Adjustment for Revenue Accruals	(8,195)	1,047	(80,571)	(7,350)
Beginning of Year:				
Unrecorded Cash	2,720	56	0	0
Prepaid Items	23,273	3,489	0	3,142
Segregated Accounts	7,484	0	0	0
End of Year:				
Unrecorded Cash	(1,305)	(13)	0	0
Prepaid Items	(29,159)	(4,106)	0	(3,793)
Segregated Accounts	(8,971)	0	0	0
Net Adjustment for Expenditure Accruals	16,154	3,931	133,964	(377)
Encumbrances	(18,427)	(9,948)	0	(3,469)
Budget Basis	(\$130,225)	(\$19,884)	\$27,273	\$17,190

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 4 – Restatement of Prior Year Balances

During 2003, the City determined that intergovernmental receivables were understated and loans payable were overstated in the business-type activities. These adjustments had the following effects on changes in net assets as previously reported for the year ended December 31, 2002:

	Business-Type Activities	Sewer Enterprise Fund
Change as Previously Reported	\$402,753	\$263,033
Intergovernmental Receivable Understatement	25,000	25,000
Loans Payable Overstatement	10,412	10,412
Restated Change for the year ended December 31, 2002	<u>\$438,165</u>	<u>\$298,445</u>

The adjustments referred to above had the following effects on net assets as it was previously reported at December 31, 2002:

	Business-Type Activities	Sewer Enterprise Fund
Net Assets as Previously Reported	\$6,230,101	\$3,069,117
Intergovernmental Receivable Understatement	25,000	25,000
Loans Payable Overstatement	10,412	10,412
Net Assets - December 31, 2002	<u>\$6,265,513</u>	<u>\$3,104,529</u>

Also during 2003, the City corrected the estimated useful lives of its general infrastructure assets. Estimated useful lives, previously set at fifteen to twenty years, were increased to thirty years and had the following effect on net assets as it was previously reported at December 31, 2002:

	Governmental Activities
Net Assets as Previously Reported	\$6,751,821
Accumulated Depreciation	9,112,852
Net Assets - December 31, 2002	<u>\$15,864,673</u>

Note 5 – Statutory Compliance

The following fund had original appropriations in excess of original estimated resources plus available balances for the year ended December 31, 2003:

Fund Type and Fund	Estimated Resources	Appropriations	Excess
Capital Projects Fund:			
Capital Improvements	\$370,592	\$372,113	(\$1,521)

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 6 - Deposits and Investments

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

Active monies 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 be withdrawn 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, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. 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 instrumentality;
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. No-load money market mutual funds consisting exclusively of obligations described in number 1 or 2 above and repurchase agreements secured by such obligations, provided that instruments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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
3. Obligations of the City

Investments in stripped principal or interest obligations and reverse repurchase agreement and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

Cash on Hand At year end, the City had \$200 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year end, the carrying amount of the City's deposits was \$1,972,943 and the bank balance was \$2,221,749. Of the bank balance:

\$262,426 was covered by federal depository insurance.

\$1,959,323 was uncollateralized and uninsured. Although the pledging banks have an investment and securities pool used to collateralize all public deposits which are held in the financial institutions name, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments GASB Statement No.3 requires the City to categorize investments to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments that are held by the counter-party's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments that are held by the counter-party or by its trust department or agent but not in the City's name. The City had no investments outstanding at year end.

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement 9. Reconciliation between the classification of cash and investments on the basic financial statements and the classification per GASB Statement 3 is as follows:

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$1,923,143	\$50,000
Petty Cash	(200)	0
Certificate of Deposit	50,000	(50,000)
GASB Statement 3	\$1,972,943	\$0

Note 7 - Receivables

Receivables at December 31, 2003, consisted primarily of municipal income tax, 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 2003 for real and public utility property taxes represents collections of the 2002 taxes. Property tax payments received during 2003 for tangible personal property (other than public utility property) are for 2003 taxes.

2003 real property taxes are levied after October 1, 2003, on the assessed value as of January 1, 2003, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2003 real property taxes are collected in and intended to finance 2004.

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. 2003 public utility property taxes became a lien December 31, 2002, are levied after October 1, 2003, and are collected in 2004 with real property taxes.

2003 tangible personal property taxes are levied after October 1, 2002, on the value as of December 31, 2002. Collections are made in 2003. Tangible personal property assessments are 25 percent of true value for all property except inventory, which has a rate of 23 percent.

The full tax rate for all City operations for the year ended December 31, 2003, was \$3.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2003 property tax receipts were based are as follows:

Real Property	\$79,747,020
Public Utility Property	3,100,080
Tangible Personal Property	5,933,280
	\$88,780,380

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.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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, 2003, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2003 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, 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 funds in the following manner:

1. All proceeds needed to defray the costs of collecting the tax and the cost of administering and enforcing the tax to the General Fund;
2. All proceeds needed for payment of the Belpre Volunteer Fire Department's expenses related to the Fire Chief and the volunteer firefighter's clothing allowances to the General Fund;
3. All remaining income tax proceeds are set aside and allocated 60% to the General Fund and 40% to the Capital Improvement Capital Projects Fund.
4. Income tax proceeds allocated each year to the Capital Improvement Capital Projects Fund is limited per City Ordinance, with all tax proceeds thereafter distributed 100% to the General Fund.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	<u>Amounts</u>
Governmental Activities	
Local Government	\$71,571
Issue II - Paving	66,240
Gasoline Tax	48,489
Excise Tax	42,790
Motor Vehicle License Tax	36,132
Rollback and Homestead	31,102
Estate Tax	20,065
Paving Cooperative:	
Village of New Matamoras	14,208
Village of Macksburg	6,551
Nature Works Grant	7,350
	<u>344,498</u>
Business-Type Activities	
Sewer Contract with County	25,000
	<u><u>\$369,498</u></u>

Note 8 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2003, 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, 2003

Type of Coverage	Limit	Aggregate	Deductible
Property:			
Building and Contents	\$11,581,750		\$1,000
Earthquake	1,000,000		25,000
Boiler and Machinery	100,000		500
Valuable Papers and Records	250,000		0
Business Income	100,000		0
Accounts Receivable	250,000		0
Power Interruption	25,000		0
Backup of Sewers and Drains	25,000		0
Computer Equipment	250,000		0
Building Ordinance or Law	250,000		0
Extra Expenses	500,000		0
Liability:			
Umbrella	1,000,000 per Occurrence	\$1,000,000	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	2,500 per claimant		2,500
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	10,000		250
Employee Dishonesty Blanket	50,000		250
Forgery and Alterations	100,000		250
Optional Tax	10,000		250
Inland Marine:			
Property not Licensed for Highway Use	1,822,469		500
Borrowed, Leased, or Rental Equipment	100,000		1,000
Miscellaneous Equipment	150,000		0
Emergency Portable Equipment	130,000		500
Canine	10,000		500

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 Worker's 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, 2003, was as follows:

	Balance 12/31/02	Increases	Decreases	Balance 12/31/03
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$2,024,318	\$0	\$0	\$2,024,318
Construction in Progress	0	26,191	0	26,191
Total Capital Assets not being Depreciated	<u>2,024,318</u>	<u>26,191</u>	<u>0</u>	<u>2,050,509</u>
Capital Assets being Depreciated:				
Buildings and Improvements	2,827,264	10,000	0	2,837,264
Machinery and Equipment	1,010,038	17,620	4,650	1,023,008
Vehicles	1,431,687	0	0	1,431,687
U.S. and State Roads	6,100,176	0	0	6,100,176
City Streets	13,454,163	283,359	0	13,737,522
Street Signals	468,496	0	0	468,496
Total Capital Assets being Depreciated	<u>25,291,824</u>	<u>310,979</u>	<u>4,650</u>	<u>25,598,153</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,080,506)	(65,823)	0	(1,146,329)
Machinery and Equipment	(678,073)	(48,749)	(4,650)	(722,172)
Vehicles	(1,148,975)	(111,541)	0	(1,260,516)
U.S. and State Roads	(2,846,749)	(203,339)	0	(3,050,088)
City Streets	(6,133,356)	(450,870)	0	(6,584,226)
Street Signals	(265,481)	(15,617)	0	(281,098)
Total Accumulated Depreciation	<u>(12,153,140)</u>	<u>(895,939) *</u>	<u>(4,650)</u>	<u>(13,044,429)</u>
Total Capital Assets being Depreciated, Net	<u>13,138,684</u>	<u>(584,960)</u>	<u>0</u>	<u>12,553,724</u>
Governmental Activities Capital Assets, Net	<u>\$15,163,002</u>	<u>(\$558,769)</u>	<u>\$0</u>	<u>\$14,604,233</u>

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Balance 12/31/02	Increases	Decreases	Balance 12/31/03
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$250,754	\$0	\$0	\$250,754
Construction in Progress	1,084,196	775,306	1,541,966	317,536
Total Capital Assets not being Depreciated	<u>1,334,950</u>	<u>775,306</u>	<u>1,541,966</u>	<u>568,290</u>
Capital Assets being Depreciated:				
Buildings and Improvements	768,575	17,541	0	786,116
Machinery and Equipment	1,559,268	68,904	11,723	1,616,449
Vehicles	109,424	0	0	109,424
Infrastructure	6,036,801	1,607,707	13,500	7,631,008
Total Capital Assets being Depreciated	<u>8,474,068</u>	<u>1,694,152</u>	<u>25,223</u>	<u>10,142,997</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(134,617)	(14,271)	0	(148,888)
Machinery and Equipment	(1,012,438)	(63,535)	(4,117)	(1,071,856)
Vehicles	(61,281)	(9,809)	0	(71,090)
Infrastructure	(2,588,068)	(121,340)	(13,500)	(2,695,908)
Total Accumulated Depreciation	<u>(3,796,404)</u>	<u>(208,955)</u>	<u>(17,617)</u>	<u>(3,987,742)</u>
Total Capital Assets being Depreciated, Net	<u>4,677,664</u>	<u>1,485,197</u>	<u>7,606</u>	<u>6,155,255</u>
Business-Type Activities Capital Assets, Net	<u>\$6,012,614</u>	<u>\$2,260,503</u>	<u>\$1,549,572</u>	<u>\$6,723,545</u>

* Depreciation expense was charged to governmental programs as follows:

General Government	\$14,203
Security of Persons and Property:	
Police	43,680
Fire	86,726
Public Health Services	369
Transportation	704,168
Leisure Time Activities:	
Senior Center	2,048
Parks	35,897
Pool	8,848
Total Depreciation Expense	<u>\$895,939</u>

Note 10 - Employee Benefits

A. Insurance

The City provides \$15,000 in life insurance and accidental death and dismemberment insurance to its full-time employees, other than police, and for all elected officials. The insurance is through Anthem Life Insurance for non-union employees and through the AFSCME Care Plan for AFSCME union members.

The City provides comprehensive major medical insurance for full time employees, other than police, through Anthem Blue Cross and Blue Shield 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.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

B. Compensated Absences

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

Note 11 - Interfund Transfers

Interfund transfers for the year ended December 31, 2003, consisted of the following:

	Transfers from			
Transfers to	General	Other		Total
		Governmental	Sanitation	
General	\$0	\$0	\$26,375	\$26,375
Street	60,000	0	0	60,000
Parks and Recreation	0	87,000	0	87,000
	\$60,000	\$87,000	\$26,375	\$173,375

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 Capital Improvement Capital Projects Fund transferred \$87,000 to the Parks and Recreation Special Revenue Fund for improvements. After making all required expenses from the Sanitation Enterprise Fund, the City made its yearly transfer to the General Fund for \$26,375 to supplement expenditures.

Note 12 - Long-Term Obligations

A schedule of changes in long-term obligations of the City during 2003 follows:

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

	Principal Outstanding 12/31/02	Additions	Deletions	Principal Outstanding 12/31/03	Amounts Due in One Year
Governmental Activities:					
Backhoe Loan - 6.75%	\$7,953	\$0	\$3,565	\$4,388	\$3,220
Property Loan - 6.00%	23,533	0	10,371	13,162	10,029
City Building Loan - 5.42%	103,781	0	11,845	91,936	12,564
Fire Trucks Loan - 4.8%	75,000	0	75,000	0	0
Issue II Paving Loan - 2%	38,547	0	10,741	27,806	5,451
Total Loans	<u>248,814</u>	<u>0</u>	<u>111,522</u>	<u>137,292</u>	<u>31,264</u>
Police Pension	22,845	0	336	22,509	351
Compensated Absences - Sick	32,614	15,759	12,193	36,180	0
Total Governmental Activities	<u>\$304,273</u>	<u>\$15,759</u>	<u>\$124,051</u>	<u>\$195,981</u>	<u>\$31,615</u>
Business-Type Activities:					
Backhoe Loan - 6.75%	\$15,908	\$0	\$7,129	\$8,779	\$6,440
Property Loan - 6.00%	47,068	0	20,743	26,325	20,058
City Building Loan - 5.42%	207,563	0	23,690	183,873	25,128
Issue II Water Well - 2%	76,810	0	3,360	73,450	1,705
Water Lines Loan - 6.04%	110,712	0	11,168	99,544	10,094
Issue II Treatment Plant - 2%	46,608	160,392	0	207,000	4,234
Treatment Plant Loan - 4.89%	222,624	368,212	118,666	472,170	100,075
Total Loans	<u>727,293</u>	<u>528,604</u>	<u>184,756</u>	<u>1,071,141</u>	<u>167,734</u>
Contract Payable	0	10,750	2,150	8,600	2,150
Compensated Absences - Sick	13,563	7,869	8,198	13,234	0
Total Business-Type Activities	<u>\$740,856</u>	<u>\$547,223</u>	<u>\$195,104</u>	<u>\$1,092,975</u>	<u>\$169,884</u>

The police pension is paid from general property tax revenues from the General Fund. The police pension liability payments are reflected as program expenditures. 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 from any employee's intent of retirement in 2004, no amounts for sick leave benefits liability are considered to be due within one year.

The Capital Improvement Capital Projects Fund received the fire trucks, backhoe, and property loan proceeds. The fire trucks, backhoe, and property loans were issued on December 29, 1999, for \$700,000, on April 18, 2000, for \$47,025, and on December 15, 1999, for \$400,000, respectively. The City Building Construction Capital Projects Fund received the city building loan proceeds, which were issued on August 10, 1999, for \$400,000. The fire trucks loan was repaid from income tax revenues of the Capital Improvement Capital Projects Fund. The property, city building, and backhoe loans will be equally paid from three funds as follows: from income tax revenues of the Capital Improvement Capital Projects 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, will be 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 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 starting in 2003.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

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 for its portion of the Issue II water well project. Charges for services in the Water Enterprise Fund will repay these obligations.

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

The City's overall legal debt margin was \$8,965,671 at December 31, 2003.

Principal and interest requirements to retire the backhoe, property, and city building loans, paid equally from the Capital Improvement, Sewer, and Water Funds, at December 31, 2003, are as follows:

Year	Backhoe Loan		Property Loan		City Building Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$9,660	\$546	\$30,087	\$1,427	\$37,692	\$14,022	\$77,439	\$15,995
2005	3,507	48	9,400	103	39,787	11,927	52,694	12,078
2006	0	0	0	0	41,998	9,716	41,998	9,716
2007	0	0	0	0	44,331	7,383	44,331	7,383
2008	0	0	0	0	46,795	4,919	46,795	4,919
2009-2010	0	0	0	0	65,206	2,490	65,206	2,490
	<u>\$13,167</u>	<u>\$594</u>	<u>\$39,487</u>	<u>\$1,530</u>	<u>\$275,809</u>	<u>\$50,457</u>	<u>\$328,463</u>	<u>\$52,581</u>

Principal and interest requirements to retire the Issue II paving loan at December 31, 2003, are as follows:

Year	Principal	Interest	Total
2004	\$5,451	\$278	\$5,729
2005	11,067	392	11,459
2006	11,288	170	11,458
	<u>\$27,806</u>	<u>\$840</u>	<u>\$28,646</u>

Principal and interest requirements to retire the police pension liability at December 31, 2003, are as follows:

Year	Principal	Interest	Total
2004	\$351	\$953	\$1,304
2005	366	938	1,304
2006	382	922	1,304
2007	398	906	1,304
2008	416	888	1,304
2009-2035	20,596	13,901	34,497
	<u>\$22,509</u>	<u>\$18,508</u>	<u>\$41,017</u>

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Principal and interest requirements to retire the Issue II water well loan at December 31, 2003, are as follows:

Year	Principal	Interest	Total
2004	\$1,705	\$735	\$2,440
2005	3,461	1,418	4,879
2006	3,531	1,348	4,879
2007	3,602	1,278	4,880
2008	3,674	1,205	4,879
2009-2013	19,509	4,885	24,394
2014-2018	21,552	2,845	24,397
2019-2022	16,416	662	17,078
	<u>\$73,450</u>	<u>\$14,376</u>	<u>\$87,826</u>

Principal and interest requirements to retire the water lines loan at December 31, 2003, are as follows:

Year	Principal	Interest	Total
2004	\$10,094	\$5,260	\$15,354
2005	11,667	5,082	16,749
2006	12,392	4,358	16,750
2007	13,161	3,589	16,750
2008	13,978	2,772	16,750
2009-2011	38,252	3,006	41,258
	<u>\$99,544</u>	<u>\$24,067</u>	<u>\$123,611</u>

Principal and interest requirements to retire the sewer treatment plant loan at December 31, 2003, are as follows:

Year	Principal	Interest	Total
2004	\$100,075	\$19,142	\$119,217
2005	114,402	15,653	130,055
2006	120,123	9,932	130,055
2007	126,130	3,925	130,055
2008	11,440	51	11,491
	<u>\$472,170</u>	<u>\$48,703</u>	<u>\$520,873</u>

Principal and interest requirements to retire the Issue II treatment plant loan at December 31, 2003, are as follows:

Year	Principal	Interest	Total
2004	\$4,234	\$2,070	\$6,304
2005	8,596	4,013	12,609
2006	8,769	3,840	12,609
2007	8,945	3,664	12,609
2008	9,125	3,484	12,609
2009-2013	48,450	14,592	63,042
2014-2018	53,521	9,524	63,045
2019-2022	65,360	3,985	69,345
	<u>\$207,000</u>	<u>\$45,172</u>	<u>\$252,172</u>

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

Note 13 - Contractual Commitments

As of December 31, 2003, the City had contractual commitments for the following projects:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance Remaining</u>
Parks and Recreation Special Revenue Fund - Park Walking Track	\$15,000	\$12,151	\$2,849
Other Governmental Funds - Braun Road Traffic Light	<u>15,600</u>	<u>14,040</u>	<u>1,560</u>
Total Governmental Activities	<u>30,600</u>	<u>26,191</u>	<u>4,409</u>
 Water Enterprise Fund - Water Storage Tank	 <u>768,851</u>	 <u>317,536</u>	 <u>451,315</u>
 Total	 <u><u>\$799,451</u></u>	 <u><u>\$343,727</u></u>	 <u><u>\$455,724</u></u>

Note 14 - 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% 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.

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 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2003, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2003 was 8.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 11.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2003, 2002, and 2001, were \$50,137, \$106,329, and \$100,281, respectively; 57 percent has been contributed for 2003 and 100 percent for 2002 and 2001. There were no member-directed plan contributions for 2003 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 obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were for the years ended December 31, 2003, 2002, and 2001, were \$62,374 and \$6,030 for the year ended December 31, 2003, \$42,789 and \$5,825 for the year ended December 31, 2002, and \$43,075 and \$5,636 for the year ended December 31, 2001. The full amount has been contributed for 2002 and 2001. 82 percent and 77 percent, respectively, have been contributed for 2003 with the remainder being reported as a liability.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2003, the unfunded police liability of the City was \$22,509 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

Note 15 - 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 primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. 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 2003 local government employer contribution rate was 13.55 percent of covered payroll; 5.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.00 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 premiums were assumed to increase 4.00 percent annually.

City of Belpre, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2003

All investments are carried at market. 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.

The number of active contributing participants in the traditional and combined plans was 364,881. Actual employer contributions for 2003 which were used to fund postemployment benefits were \$29,320. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$18.7 billion and \$8.7 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

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 health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. 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 2003. In addition, since July 1, 1992, most retirees 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 2003 that were used to fund postemployment benefits were \$41,140 for police and \$2,876 for firefighters. The OP&F's total health care expense for the year ended December 31, 2002, (the latest information available) was \$141,028,006, which was net of member contributions of \$12,623,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2002, was 13,527 for police and 10,396 for firefighters.

Note 16 - Jointly Governed Organizations

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

The Community Action Program Corporation of Washington-Morgan Counties, Ohio, is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program; the Community Action Bus Line (CABL); the Child Development Program; the Senior Nutrition Program; Women, Infants and Children's Supplemental Nutrition Program; the Home Weatherization Assistance and Energy Program; the Job Training and Partnership Act Program; Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program; and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Belpre and Washington and Morgan Counties, provides administrative services to these governments in specific programs. During 2003, 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 2003, 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 17 - 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. The possible outcome cannot be determined at this time.

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, 2003, 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.

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.

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.

Federal Emergency Management Agency - To account for federal money received through the Federal Emergency Management Agency to reimburse the City for snow removal.

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

Nonmajor Capital Projects Fund

Capital Improvement - To account for income tax revenues used for general capital improvements in the City.

City of Belpre, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2003

	State Highway	Law Enforcement Trust	Enforcement and Education	Special Revenue Mayor's Court Computerization
Assets				
Equity in Pooled Cash and Cash Equivalents	\$39,820	\$1,739	\$235	\$1,759
Cash and Cash Equivalent in Segregated Accounts	0	0	6	207
Municipal Income Tax Receivable	0	0	0	0
Due from Other Governments	9,555	0	0	0
<i>Total Assets</i>	<u>\$49,375</u>	<u>\$1,739</u>	<u>\$241</u>	<u>\$1,966</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$3,509	\$0	\$0	\$0
Due to Other Governments	0	0	0	0
Deferred Revenue	7,238	0	0	0
<i>Total Liabilities</i>	<u>10,747</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated, Reported in Special Revenue Funds	38,628	1,739	241	1,966
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>38,628</u>	<u>1,739</u>	<u>241</u>	<u>1,966</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$49,375</u>	<u>\$1,739</u>	<u>\$241</u>	<u>\$1,966</u>

<u>Funds</u>		Total Special Revenue Funds	<u>Capital Projects Fund</u>	Total Nonmajor Governmental Funds
<u>Clerk Computerization</u>	<u>Pool</u>		<u>Capital Improvement</u>	
\$7,893	\$3,890	\$55,336	\$87,263	\$142,599
681	0	894	0	894
0	0	0	91,955	91,955
0	0	9,555	0	9,555
<u>\$8,574</u>	<u>\$3,890</u>	<u>\$65,785</u>	<u>\$179,218</u>	<u>\$245,003</u>
\$366	\$0	\$3,875	\$0	\$3,875
600	0	600	0	600
0	0	7,238	17,494	24,732
<u>966</u>	<u>0</u>	<u>11,713</u>	<u>17,494</u>	<u>29,207</u>
94	0	94	3,483	3,577
7,514	3,890	53,978	0	53,978
0	0	0	158,241	158,241
<u>7,608</u>	<u>3,890</u>	<u>54,072</u>	<u>161,724</u>	<u>215,796</u>
<u>\$8,574</u>	<u>\$3,890</u>	<u>\$65,785</u>	<u>\$179,218</u>	<u>\$245,003</u>

City of Belpre, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2003

	State Highway	Law Enforcement Trust	Enforcement and Education	Special Revenue Mayor's Court Computerization
Revenues				
Municipal Income Tax	\$0	\$0	\$0	\$0
Fines, Licenses and Permits	0	0	241	3,680
Intergovernmental	17,444	0	0	0
Investment Earnings	542	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>17,986</u>	<u>0</u>	<u>241</u>	<u>3,680</u>
Expenditures				
Current:				
Security of Persons and Property - Police	0	0	0	3,632
Transportation	16,398	0	0	0
Leisure Time Activities:				
Pool	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>16,398</u>	<u>0</u>	<u>0</u>	<u>3,632</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,588	0	241	48
Other Financing Uses				
Transfers Out	0	0	0	0
<i>Net Change in Fund Balances</i>	1,588	0	241	48
<i>Fund Balances Beginning of Year</i>	<u>37,040</u>	<u>1,739</u>	<u>0</u>	<u>1,918</u>
<i>Fund Balances End of Year</i>	<u><u>\$38,628</u></u>	<u><u>\$1,739</u></u>	<u><u>\$241</u></u>	<u><u>\$1,966</u></u>

Funds			Total	Capital	Total Nonmajor
	Federal Emergency		Special	Projects Fund	Governmental
Clerk	Management		Revenue	Capital	Funds
Computerization	Agency	Pool	Funds	Improvement	
\$0	\$0	\$0	\$0	\$245,725	\$245,725
12,440	0	0	16,361	0	16,361
0	16,291	0	33,735	0	33,735
0	0	0	542	0	542
0	0	464	464	0	464
<u>12,440</u>	<u>16,291</u>	<u>464</u>	<u>51,102</u>	<u>245,725</u>	<u>296,827</u>
15,804	0	0	19,436	0	19,436
0	16,291	0	32,689	0	32,689
0	0	480	480	0	480
0	0	0	0	51,324	51,324
0	0	0	0	100,781	100,781
0	0	0	0	8,224	8,224
<u>15,804</u>	<u>16,291</u>	<u>480</u>	<u>52,605</u>	<u>160,329</u>	<u>212,934</u>
(3,364)	0	(16)	(1,503)	85,396	83,893
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(87,000)</u>	<u>(87,000)</u>
(3,364)	0	(16)	(1,503)	(1,604)	(3,107)
<u>10,972</u>	<u>0</u>	<u>3,906</u>	<u>55,575</u>	<u>163,328</u>	<u>218,903</u>
<u>\$7,608</u>	<u>\$0</u>	<u>\$3,890</u>	<u>\$54,072</u>	<u>\$161,724</u>	<u>\$215,796</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.

City of Belpre, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2003

	<u>Balance</u> <u>12/31/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/03</u>
Ohio River Scenic Route:				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$0</u>	<u>\$6,500</u>	<u>\$6,500</u>	<u>\$0</u>
Liabilities				
Due to Others	<u>\$0</u>	<u>\$6,500</u>	<u>\$6,500</u>	<u>\$0</u>
Payroll:				
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$117,697</u>	<u>\$1,644,747</u>	<u>\$1,680,305</u>	<u>\$82,139</u>
Liabilities				
Due to Other Governments	<u>\$117,697</u>	<u>\$1,644,747</u>	<u>\$1,680,305</u>	<u>\$82,139</u>
Mayor's Court:				
Assets				
Cash and Cash Equivalents in Segregated Accounts	<u>\$2,965</u>	<u>\$2,561</u>	<u>\$2,965</u>	<u>\$2,561</u>
Liabilities				
Due to Others	<u>\$2,965</u>	<u>\$2,561</u>	<u>\$2,965</u>	<u>\$2,561</u>
Total All Agency Funds:				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$117,697	\$1,651,247	\$1,686,805	\$82,139
Cash and Cash Equivalents in Segregated Accounts	<u>2,965</u>	<u>2,561</u>	<u>2,965</u>	<u>2,561</u>
<i>Total Assets</i>	<u>\$120,662</u>	<u>\$1,653,808</u>	<u>\$1,689,770</u>	<u>\$84,700</u>
Liabilities				
Due to Other Governments	\$117,697	\$1,644,747	\$1,680,305	\$82,139
Due to Others	<u>2,965</u>	<u>9,061</u>	<u>9,465</u>	<u>2,561</u>
<i>Total Liabilities</i>	<u>\$120,662</u>	<u>\$1,653,808</u>	<u>\$1,689,770</u>	<u>\$84,700</u>

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

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, 2003

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Over (Under)
Revenues				
Property and Other Taxes	\$270,376	\$270,376	\$275,848	\$5,472
Municipal Income Tax	681,075	681,075	692,438	11,363
Charges for Services	79,000	79,000	79,000	0
Fines, Licenses and Permits	147,100	155,100	176,580	21,480
Intergovernmental	201,245	201,245	207,866	6,621
Investment Income	33,750	33,750	28,827	(4,923)
Donations	6,100	6,100	15,909	9,809
Other	18,727	18,727	29,555	10,828
<i>Total Revenues</i>	<u>1,437,373</u>	<u>1,445,373</u>	<u>1,506,023</u>	<u>60,650</u>
Expenditures				
Current:				
General Government:				
Council:				
Salaries and Wages	26,685	26,685	26,682	3
Fringe Benefits	4,918	4,918	4,296	622
Materials and Supplies	8,400	11,600	9,319	2,281
Total Council	<u>40,003</u>	<u>43,203</u>	<u>40,297</u>	<u>2,906</u>
Mayor:				
Salaries and Wages	37,200	37,200	37,187	13
Fringe Benefits	12,515	11,796	10,891	905
Materials and Supplies	1,825	1,586	1,129	457
Capital Outlay	1,400	2,358	2,358	0
Total Mayor	<u>52,940</u>	<u>52,940</u>	<u>51,565</u>	<u>1,375</u>
Auditor and Treasurer:				
Materials and Supplies	31,275	28,075	13,397	14,678
Total Auditor and Treasurer	<u>31,275</u>	<u>28,075</u>	<u>13,397</u>	<u>14,678</u>
Auditor:				
Salaries and Wages	102,950	103,990	103,943	47
Fringe Benefits	39,314	38,424	38,086	338
Materials and Supplies	16,250	18,100	11,879	6,221
Capital Outlay	5,750	3,750	267	3,483
Total Auditor	<u>\$164,264</u>	<u>\$164,264</u>	<u>\$154,175</u>	<u>\$10,089</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Treasurer:				
Salaries and Wages	\$3,147	\$3,147	\$3,145	\$2
Fringe Benefits	767	767	512	255
Materials and Supplies	3,190	3,190	0	3,190
Total Treasurer	7,104	7,104	3,657	3,447
Law Director:				
Salaries and Wages	51,000	51,000	48,897	2,103
Fringe Benefits	35,869	43,869	40,312	3,557
Total Law Director	86,869	94,869	89,209	5,660
Civil Service:				
Salaries and Wages	1,750	1,750	1,750	0
Fringe Benefits	362	362	267	95
Materials and Supplies	1,325	1,325	0	1,325
Total Civil Service	3,437	3,437	2,017	1,420
Inspectors:				
Salaries and Wages	1,750	1,810	1,806	4
Total Inspectors	1,750	1,810	1,806	4
City Building:				
Salaries and Wages	48,800	52,060	52,029	31
Fringe Benefits	23,845	22,085	19,249	2,836
Materials and Supplies	76,900	73,640	66,760	6,880
Total City Building	149,545	147,785	138,038	9,747
Total General Government	537,187	543,487	494,161	49,326
Security of Persons and Property:				
Police:				
Salaries and Wages	568,200	560,500	528,078	32,422
Fringe Benefits	235,762	229,212	214,419	14,793
Materials and Supplies	114,010	125,760	109,204	16,556
Total Police	\$917,972	\$915,472	\$851,701	\$63,771

(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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fire:				
Salaries and Wages	\$36,850	\$36,850	\$36,847	\$3
Fringe Benefits	28,710	26,994	26,359	635
Materials and Supplies	65,075	66,791	60,104	6,687
<u>Total Fire</u>	<u>130,635</u>	<u>130,635</u>	<u>123,310</u>	<u>7,325</u>
Total Security of Persons and Property	<u>1,048,607</u>	<u>1,046,107</u>	<u>975,011</u>	<u>71,096</u>
Public Health Services:				
Health:				
Salaries and Wages	27,461	29,761	24,061	5,700
Fringe Benefits	4,535	5,163	4,997	166
Materials and Supplies	6,775	6,347	5,559	788
<u>Total Public Health Services</u>	<u>38,771</u>	<u>41,271</u>	<u>34,617</u>	<u>6,654</u>
Transportation:				
Street Lighting:				
Materials and Supplies	76,000	76,000	73,168	2,832
<u>Total Transportation</u>	<u>76,000</u>	<u>76,000</u>	<u>73,168</u>	<u>2,832</u>
Leisure Time Activities:				
Senior Center:				
Salaries and Wages	15,400	15,400	15,361	39
Fringe Benefits	2,490	2,490	2,418	72
Materials and Supplies	7,030	8,730	7,887	843
<u>Total Leisure Time Activities</u>	<u>24,920</u>	<u>26,620</u>	<u>25,666</u>	<u>954</u>
<i>Total Expenditures</i>	<u>1,725,485</u>	<u>1,733,485</u>	<u>1,602,623</u>	<u>130,862</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(288,112)</u>	<u>(288,112)</u>	<u>(96,600)</u>	<u>191,512</u>
Other Financing Sources (Uses)				
Transfers In	110,000	110,000	26,375	(83,625)
Transfers Out	(60,000)	(60,000)	(60,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>50,000</u>	<u>50,000</u>	<u>(33,625)</u>	<u>(83,625)</u>
<i>Net Change in Fund Balance</i>	<u>(238,112)</u>	<u>(238,112)</u>	<u>(130,225)</u>	<u>107,887</u>
<i>Fund Balance Beginning of Year</i>	303,233	303,233	303,233	0
Prior Year Encumbrances Appropriated	<u>9,588</u>	<u>9,588</u>	<u>9,588</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$74,709</u></u>	<u><u>\$74,709</u></u>	<u><u>\$182,596</u></u>	<u><u>\$107,887</u></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, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Charges for Services	\$8,000	\$8,000	\$6,325	(\$1,675)
Intergovernmental	205,500	205,500	216,187	10,687
Investment Earnings	600	600	144	(456)
Other	0	0	6	6
<i>Total Revenues</i>	<u>214,100</u>	<u>214,100</u>	<u>222,662</u>	<u>8,562</u>
Expenditures				
Current:				
Transportation:				
Street:				
Salaries and Wages	162,800	161,600	151,222	10,378
Fringe Benefits	67,550	65,468	63,472	1,996
Materials and Supplies	97,857	101,839	87,591	14,248
Capital Outlay	0	300	261	39
<i>Total Expenditures</i>	<u>328,207</u>	<u>329,207</u>	<u>302,546</u>	<u>26,661</u>
<i>Excess of Revenues Under Expenditures</i>	(114,107)	(115,107)	(79,884)	35,223
Other Financing Sources				
Transfers In	107,000	107,000	60,000	(47,000)
<i>Net Change in Fund Balance</i>	(7,107)	(8,107)	(19,884)	(11,777)
<i>Fund Balance Beginning of Year</i>	18,845	18,845	18,845	0
Prior Year Encumbrances Appropriated	3,342	3,342	3,342	0
<i>Fund Balance End of Year</i>	<u>\$15,080</u>	<u>\$14,080</u>	<u>\$2,303</u>	<u>(\$11,777)</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Motor Vehicle Licence Tax	\$35,700	\$35,700	\$36,256	\$556
Intergovernmental	267,800	289,914	180,033	(109,881)
Other	0	86	0	(86)
<i>Total Revenues</i>	<u>303,500</u>	<u>325,700</u>	<u>216,289</u>	<u>(109,411)</u>
Expenditures				
Current:				
Transportation:				
Street:				
Capital Outlay	326,300	326,387	163,702	162,685
Other	0	22,114	13,856	8,258
Total Transportation	<u>326,300</u>	<u>348,501</u>	<u>177,558</u>	<u>170,943</u>
Debt Service:				
Principal Retirement	10,741	10,741	10,741	0
Interest and Fiscal Charges	717	717	717	0
<i>Total Expenditures</i>	<u>337,758</u>	<u>359,959</u>	<u>189,016</u>	<u>170,943</u>
<i>Net Change in Fund Balance</i>	(34,258)	(34,259)	27,273	61,532
<i>Fund Balance Beginning of Year</i>	<u>70,406</u>	<u>70,406</u>	<u>70,406</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$36,148</u></u>	<u><u>\$36,147</u></u>	<u><u>\$97,679</u></u>	<u><u>\$61,532</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, 2003

	<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	\$2,800	\$300
Intergovernmental	100,000	300,000	200,000	(100,000)
Donations	8,000	8,000	10,011	2,011
Other	750	750	285	(465)
<i>Total Revenues</i>	<u>111,250</u>	<u>311,250</u>	<u>213,096</u>	<u>(98,154)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Parks:				
Salaries and Wages	21,000	19,377	19,367	10
Fringe Benefits	3,875	3,170	3,168	2
Materials and Supplies	33,800	36,128	35,431	697
Capital Outlay	131,288	331,288	224,940	106,348
<i>Total Expenditures</i>	<u>189,963</u>	<u>389,963</u>	<u>282,906</u>	<u>107,057</u>
<i>Excess of Revenues Under Expenditures</i>	(78,713)	(78,713)	(69,810)	8,903
Other Financing Sources				
Transfers In	78,000	78,000	87,000	9,000
<i>Net Change in Fund Balance</i>	(713)	(713)	17,190	17,903
<i>Fund Balance Beginning of Year</i>	<u>8,948</u>	<u>8,948</u>	<u>8,948</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,235</u></u>	<u><u>\$8,235</u></u>	<u><u>\$26,138</u></u>	<u><u>\$17,903</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Charges for Services	\$570,000	\$570,000	\$583,917	\$13,917
Expenses				
Salaries and Wages	6,950	6,950	6,922	28
Fringe Benefits	3,600	3,600	2,960	640
Contractual Services	528,525	525,469	464,121	61,348
Materials and Supplies	4,550	7,606	7,147	459
<i>Total Expenses</i>	<u>543,625</u>	<u>543,625</u>	<u>481,150</u>	<u>62,475</u>
<i>Excess of Revenues Over Expenses</i>	26,375	26,375	102,767	76,392
Transfers Out	<u>(110,000)</u>	<u>(110,000)</u>	<u>(26,375)</u>	<u>83,625</u>
<i>Net Change in Fund Balance</i>	(83,625)	(83,625)	76,392	160,017
<i>Fund Balance Beginning of Year</i>	<u>210,838</u>	<u>210,838</u>	<u>210,838</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$127,213</u>	<u>\$127,213</u>	<u>\$287,230</u>	<u>\$160,017</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$1,187,800	\$1,187,800	\$1,240,933	\$53,133
Other Operating Revenues	2,000	2,000	1,024	(976)
Proceeds of Issue II Loans	160,392	160,392	160,392	0
Proceeds of Loans	587,032	587,032	368,212	(218,820)
<i>Total Revenues</i>	<u>1,937,224</u>	<u>1,937,224</u>	<u>1,770,561</u>	<u>(166,663)</u>
Expenses				
Salaries and Wages	303,550	294,771	268,843	25,928
Fringe Benefits	109,580	111,283	103,013	8,270
Contractual Services	346,937	480,426	403,250	77,176
Materials and Supplies	40,928	45,328	39,239	6,089
Capital Outlay	993,511	883,834	761,354	122,480
Debt Service:				
Principal Retirement	125,761	154,441	145,399	9,042
Interest and Fiscal Charges	50,336	51,020	30,800	20,220
<i>Total Expenses</i>	<u>1,970,603</u>	<u>2,021,103</u>	<u>1,751,898</u>	<u>269,205</u>
<i>Net Change in Fund Balance</i>	(33,379)	(83,879)	18,663	102,542
<i>Fund Balance Beginning of Year</i>	330,983	330,983	330,983	0
Prior Year Encumbrances Appropriated	<u>33,379</u>	<u>33,379</u>	<u>33,379</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$330,983</u></u>	<u><u>\$280,483</u></u>	<u><u>\$383,025</u></u>	<u><u>\$102,542</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	\$702,200	\$702,200	\$616,873	(\$85,327)
Tap-In Fees	10,000	10,000	14,946	4,946
Proceeds of Loans	0	815,732	0	(815,732)
Other Operating Revenues	0	0	440	440
Other Non-Operating Revenues	10,000	10,000	11,945	1,945
<i>Total Revenues</i>	<u>722,200</u>	<u>1,537,932</u>	<u>644,204</u>	<u>(893,728)</u>
Expenses				
Salaries and Wages	119,400	104,205	101,647	2,558
Fringe Benefits	49,345	48,785	46,207	2,578
Contractual Services	198,416	206,554	177,396	29,158
Materials and Supplies	126,694	137,194	117,370	19,824
Other Non-Operating Expenses	10,000	10,000	3,331	6,669
Capital Outlay	297,022	1,098,641	46,465	1,052,176
Debt Service:				
Principal Retirement	45,459	57,905	43,413	14,492
Interest and Fiscal Charges	38,215	46,267	16,374	29,893
<i>Total Expenses</i>	<u>884,551</u>	<u>1,709,551</u>	<u>552,203</u>	<u>1,157,348</u>
<i>Net Change in Fund Balance</i>	(162,351)	(171,619)	92,001	263,620
<i>Fund Balance Beginning of Year</i>	572,636	572,636	572,636	0
Prior Year Encumbrances Appropriated	12,382	12,382	12,382	0
<i>Fund Balance End of Year</i>	<u>\$422,667</u>	<u>\$413,399</u>	<u>\$677,019</u>	<u>\$263,620</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$16,500	\$16,500	\$17,528	\$1,028
Investment Earnings	325	325	557	232
<i>Total Revenues</i>	<u>16,825</u>	<u>16,825</u>	<u>18,085</u>	<u>1,260</u>
Expenditures				
Current:				
Transportation:				
State Highway:				
Salaries and Wages	19,750	19,350	6,806	12,544
Fringe Benefits	905	1,105	997	108
Materials and Supplies	13,700	13,900	8,486	5,414
<i>Total Expenditures</i>	<u>34,355</u>	<u>34,355</u>	<u>16,289</u>	<u>18,066</u>
<i>Net Change in Fund Balance</i>	(17,530)	(17,530)	1,796	19,326
<i>Fund Balance Beginning of Year</i>	<u>34,583</u>	<u>34,583</u>	<u>34,583</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$17,053</u></u>	<u><u>\$17,053</u></u>	<u><u>\$36,379</u></u>	<u><u>\$19,326</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Security of Persons and Property:				
Police:				
Materials and Supplies	\$1,739	\$1,739	\$0	(\$1,739)
<i>Net Change in Fund Balance</i>	(1,739)	(1,739)	0	1,739
<i>Fund Balance Beginning of Year</i>	1,739	1,739	1,739	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,739</u>	<u>\$1,739</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, 2003*

	<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	\$235	\$235
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Salaries and Wages	4,927	4,927	4,927	0
<i>Net Change in Fund Balance</i>	(4,927)	(4,927)	(4,692)	235
<i>Fund Balance Beginning of Year</i>	4,927	4,927	4,927	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$235</u>	<u>\$235</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, 2003*

	<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	\$3,200	\$3,200	\$3,665	\$465
Expenditures				
Current:				
Security of Persons and Property:				
Mayor's Court:				
Materials and Supplies	<u>3,500</u>	<u>3,500</u>	<u>3,632</u>	<u>(132)</u>
<i>Net Change in Fund Balance</i>	(300)	(300)	33	333
<i>Fund Balance Beginning of Year</i>	<u>1,726</u>	<u>1,726</u>	<u>1,726</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,426</u></u>	<u><u>\$1,426</u></u>	<u><u>\$1,759</u></u>	<u><u>\$333</u></u>

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, 2003

	<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	\$11,000	\$11,000	\$12,399	\$1,399
Expenditures				
Current:				
Security of Persons and Property:				
Mayor's Court Clerk:				
Salaries and Wages	0	750	738	12
Materials and Supplies	16,380	15,630	13,381	2,249
<i>Total Expenditures</i>	<u>16,380</u>	<u>16,380</u>	<u>14,119</u>	<u>2,261</u>
<i>Net Change in Fund Balance</i>	(5,380)	(5,380)	(1,720)	3,660
<i>Fund Balance Beginning of Year</i>	7,773	7,773	7,773	0
Prior Year Encumbrances Appropriated	<u>1,380</u>	<u>1,380</u>	<u>1,380</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,773</u></u>	<u><u>\$3,773</u></u>	<u><u>\$7,433</u></u>	<u><u>\$3,660</u></u>

City of Belpre, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Federal Emergency Management Agency
For the Year Ended December 31, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$0	\$16,291	\$16,291	\$0
Expenditures				
Current:				
Transportation:				
Snow Removal:				
Other	<u>0</u>	<u>16,291</u>	<u>16,291</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<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>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></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, 2003

	<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	\$464	\$464
Expenditures				
Current:				
Leisure Time Activities:				
Pool:				
Materials and Supplies	<u>3,000</u>	<u>3,000</u>	<u>487</u>	<u>2,513</u>
<i>Net Change in Fund Balance</i>	(3,000)	(3,000)	(23)	2,977
<i>Fund Balance Beginning of Year</i>	<u>3,913</u>	<u>3,913</u>	<u>3,913</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$913</u></u>	<u><u>\$913</u></u>	<u><u>\$3,890</u></u>	<u><u>\$2,977</u></u>

City of Belpre, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over (Under)
Revenues				
Municipal Income Tax	\$250,000	\$250,000	\$250,000	\$0
Intergovernmental	35,000	35,000	0	(35,000)
<i>Total Revenues</i>	<u>285,000</u>	<u>285,000</u>	<u>250,000</u>	<u>(35,000)</u>
Expenditures				
Capital Outlay:				
Capital Outlay	148,063	148,063	52,918	95,145
Debt Service:				
Principal Retirement	101,323	101,323	101,734	(411)
Interest and Fiscal Charges	10,227	10,227	9,160	1,067
<i>Total Expenditures</i>	<u>259,613</u>	<u>259,613</u>	<u>163,812</u>	<u>95,801</u>
<i>Excess of Revenues Over Expenditures</i>	<u>25,387</u>	<u>25,387</u>	<u>86,188</u>	<u>60,801</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	3,000	0	(3,000)
Transfers Out	(112,500)	(112,500)	(87,000)	25,500
<i>Total Other Financing Sources (Uses)</i>	<u>(111,500)</u>	<u>(109,500)</u>	<u>(87,000)</u>	<u>22,500</u>
<i>Net Change in Fund Balance</i>	(86,113)	(84,113)	(812)	83,301
<i>Fund Balance Beginning of Year</i>	84,592	84,592	84,592	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$1,521)</u>	<u>\$479</u>	<u>\$83,780</u>	<u>\$83,301</u>

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STATISTICAL SECTION

Statistical Section

The following statistical tables reflect social and economic data, financial trends, and fiscal capacity of the City. The City of Belpre has not had any special assessments or general bonded debt outstanding for the past ten years; therefore, no ratios of net general bonded debt to assessed value and net bonded debt per capita, no ratio of annual debt service expenditures for general bonded debt to total general governmental expenditures, and no special assessment billings and collections are presented in the City's statistical tables.

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City of Belpre, Ohio
 General Governmental Revenues by Source
 and Expenses/Expenditures by Function
 Last Ten Years

	2003		2002		2001	
	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual	Full Accrual	Modified Accrual
Program Revenues						
Charges for Services	\$312,732	N/A	\$302,078	N/A	\$313,270	N/A
Operating Grants, Contributions and Interest	494,271	N/A	232,964	N/A	539,600	N/A
Capital Grants and Contributions	252,268	N/A	53,273	N/A	24,635	N/A
General Revenues (1)						
Property and Other Taxes	277,250	275,816	266,053	266,478	242,764	241,033
Municipal Income Tax	911,656	931,751	972,380	947,085	879,622	891,864
Motor Vehicle License Tax	0	36,379	0	36,204	0	35,421
Charges for Services	0	88,125	0	91,489	0	119,986
Fines, Licenses and Permits	15,936	194,819	15,507	174,157	0	150,159
Intergovernmental	253,584	936,813	197,008	478,488	223,043	774,975
Investment Earnings	26,815	28,105	31,556	34,286	47,657	45,130
Other	18,366	58,187	7,632	35,622	9,322	30,817
Total	\$2,562,878	\$2,549,995	\$2,078,451	\$2,063,809	\$2,279,913	\$2,289,385
Expenses/Expenditures (1)						
Current:						
General Government	\$525,298	\$492,811	\$483,156	\$479,184	\$456,662	\$449,960
Security of Persons and Property: (2)						
Police	908,510	869,738	849,745	816,521	849,506	830,278
Fire	209,677	119,844	198,077	115,554	187,481	113,201
Public Health Services	33,494	33,125	33,077	34,675	21,978	21,978
Transportation	1,123,332	713,075	1,609,828	492,337	1,724,203	697,409
Leisure Time Activities: (2)						
Senior Center	33,288	25,430	25,688	26,532	23,814	22,046
Parks	304,306	278,409	96,444	92,054	126,524	92,492
Pool	9,328	480	10,051	1,203	71,370	62,522
Capital Outlay	0	51,324	0	0	0	0
Intergovernmental	0	0	0	0	20,466	20,466
Debt Service:						
Principal Retirement	0	111,522	0	110,308	0	107,002
Interest and Fiscal Charges	8,921	8,941	16,621	18,475	20,534	18,660
Total	\$3,156,154	\$2,704,699	\$3,322,687	\$2,186,843	\$3,502,538	\$2,436,014

- (1) 1994 thru 1996 revenues and expenditures are cash basis and include General Fund only.
All governmental funds are included in the remaining years.
- (2) 2000 was the first year subcategories were identified for security of persons and property and leisure time activities.
- (3) 2000 was the first year for full accrual information. In later years, when comparisons are available, a separate table will be provided.

Source: City financial records

2000

Full Accrual	Modified Accrual	1999	1998	1997	1996	1995	1994
\$300,216	N/A	N/A	N/A	N/A	N/A	N/A	N/A
385,452	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2,721	N/A	N/A	N/A	N/A	N/A	N/A	N/A
247,518	246,504	229,939	198,130	206,147	190,324	211,769	208,072
939,501	928,753	937,217	886,784	858,765	603,691	775,545	805,503
0	35,370	35,789	36,368	33,631	0	0	0
0	109,371	74,310	64,423	54,949	44,392	44,392	88,441
0	145,858	161,705	108,316	108,119	105,711	98,025	80,479
289,198	653,661	874,214	627,138	628,411	164,631	148,169	128,073
68,561	70,260	68,162	61,429	17,083	27,489	27,042	24,575
26,497	66,885	41,135	80,868	40,353	23,800	18,706	47,931
<u>\$2,259,664</u>	<u>\$2,256,662</u>	<u>\$2,422,471</u>	<u>\$2,063,456</u>	<u>\$1,947,458</u>	<u>\$1,160,038</u>	<u>\$1,323,648</u>	<u>\$1,383,074</u>
\$443,082	\$426,545	\$403,869	\$465,875	\$438,815	\$389,520	\$365,084	\$477,418
		903,542	866,326	809,463	848,402	769,158	738,419
840,810	876,349	N/A	N/A	N/A	N/A	N/A	N/A
203,981	115,238	N/A	N/A	N/A	N/A	N/A	N/A
31,433	21,735	19,910	28,112	32,259	31,789	31,772	30,602
1,701,589	406,219	441,047	346,332	378,273	60,321	66,640	127,961
		211,434	115,837	57,334	20,148	22,188	15,370
21,584	19,816	N/A	0	0	0	0	0
226,731	193,447	N/A	0	0	0	0	0
65,380	56,533	N/A	0	0	0	0	0
0	0	2,044,321	205,139	161,105	0	0	0
0	0	0	0	0	0	0	0
0	353,084	83,623	2,634	633	0	0	0
34,698	34,698	23,996	20,032	27,351	0	0	0
<u>\$3,569,288</u>	<u>\$2,503,664</u>	<u>\$4,131,742</u>	<u>\$2,050,287</u>	<u>\$1,905,233</u>	<u>\$1,350,180</u>	<u>\$1,254,842</u>	<u>\$1,389,770</u>

City of Belpre, Ohio
 Property Tax Levies and Collections
 Real and Public Utility Tax(1)
 Last Ten Years

Year	Total Tax Levy	Current Collections(2)	Delinquent Collections	Total Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Accumulated Delinquent Taxes to Total Tax Levy
1994	\$170,019	\$162,090	\$6,450	\$168,540	99.13%	\$8,678	5.10%
1995	170,129	160,243	7,679	167,922	98.70	8,378	4.92
1996	176,973	166,643	6,985	173,628	98.11	7,898	4.46
1997	178,043	167,726	7,967	175,693	98.68	7,762	4.36
1998	183,038	172,708	5,967	178,675	97.62	5,845	3.19
1999	220,727	202,237	5,537	207,774	94.13	6,680	3.03
2000	220,658	202,555	9,523	212,078	96.11	10,551	4.78
2001	222,488	207,332	9,630	216,962	97.52	12,219	5.49
2002	254,055	230,648	14,149	244,797	96.36	15,135	5.96
2003	255,517	233,309	12,604	245,913	96.24	14,868	5.82

Source: Washington County, Ohio; County Auditor

(1) Does not include state reimbursements of homestead and rollback exemptions.

(2) Includes penalties which are not included in the total tax levy.

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

Year	Total Tax Levy	Current Collections	Delinquent Collections	Total Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percent of Accumulated Delinquent Taxes to Total Tax Levy
1994	\$14,185	\$14,331	\$443	\$14,774	104.15%	\$2,255	15.90%
1995	14,766	14,956	223	15,179	102.80	2,074	14.05
1996	16,655	16,265	432	16,697	100.25	2,079	12.48
1997	17,055	17,067	531	17,598	103.18	2,408	14.12
1998	19,606	17,198	657	17,855	91.07	2,298	11.72
1999	19,209	16,994	2,889	19,883	103.51	2,353	12.25
2000	21,629	23,781	2,447	26,228	121.26	4,207	19.45
2001	20,424	20,294	264	20,558	100.66	2,695	13.20
2002	22,801	17,081	213	17,294	75.85	3,201	14.04
2003	20,428	20,301	6,302	26,603	130.23	8,888	43.51

Source: Washington County, Ohio; County Auditor

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

Year	Agricultural/ Residential		Other		Total		Public		Tangible		Total Assessed Value	Estimated True Value(1)	Percent of Assessed Value To Estimated True Value
	Real Estate	Real Estate	Real Estate	Real Estate	Real Estate	Real Estate	Personal	Utility	Personal	Personal			
1994	\$37,767,770	\$13,595,420	\$51,363,190	\$4,484,940	\$5,141,890	\$60,990,020	\$172,416,054						35%
1995	37,991,850	13,537,230	51,529,080	4,344,050	4,874,710	60,747,840	171,661,203						35
1996	41,060,610	13,589,250	54,649,860	3,639,420	5,182,190	63,471,470	181,006,922						35
1997	41,288,970	13,660,410	54,949,380	3,591,100	5,443,110	63,983,590	182,851,464						35
1998	42,403,090	13,996,230	56,399,320	3,617,770	5,791,340	65,808,430	188,417,377						35
1999	51,397,150	16,422,850	67,820,000	3,672,170	6,464,460	77,956,630	223,802,189						35
2000	51,542,200	16,742,630	68,284,830	3,533,210	6,371,260	78,189,300	224,599,566						35
2001	52,296,810	17,872,260	70,169,070	3,500,510	7,885,740	81,555,320	236,003,869						35
2002	60,364,720	19,147,230	79,511,950	3,038,800	6,500,610	89,051,360	256,632,622						35
2003	61,024,650	18,722,370	79,747,020	3,100,080	5,933,280	88,780,380	255,104,567						35

Source: Washington County, Ohio; County Auditor

(1) This amount is calculated by dividing the assessed value by the assessment percentage.
The percentages for 2003 are:

- 35 percent for all real estate,
- 88 percent for all public utility personal, and
- 25 percent for tangible personal; 23 percent for inventory

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 School District</u>	<u>Washington County JVS</u>	<u>Washington County</u>	<u>Total</u>
1994	\$3.40	\$31.00	\$1.80	\$7.70	\$43.90
1995	3.40	31.00	1.80	7.70	43.90
1996	3.40	31.00	1.80	7.70	43.90
1997	3.40	31.00	1.80	7.70	43.90
1998	3.40	31.00	1.80	7.70	43.90
1999	3.40	31.00	1.80	7.70	43.90
2000	3.40	35.00	1.80	8.20	48.40
2001	3.40	35.00	1.80	9.05	49.25
2002	3.40	35.10	1.80	9.05	49.35
2003	3.40	35.12	1.80	9.05	49.37

Source: Washington County, Ohio; County Auditor

City of Belpre, Ohio
 Computation of Legal Debt Margin
 December 31, 2003

Overall Debt Limitation		
10 1/2% of Assessed Valuation		\$9,321,940
Loans Payable	\$900,177	
Issue II Loans Payable	<u>308,256</u>	
Gross Indebtedness Outstanding	<u>1,208,433</u>	
Less: Debt Exempt from Limitation		
Sewer Loan	472,170	
Issue II Sewer Loan	207,000	
Water Lines Loan	99,544	
Issue II Water Loan	<u>73,450</u>	
Total	<u>852,164</u>	
Net Debt within 10 1/2% Limitation		<u>356,269</u>
Legal Debt Margin within 10 1/2% Limitation		<u><u>\$8,965,671</u></u>
 Unvoted Debt Limitation		
5 1/2% of Assessed Valuation		\$4,882,921
Gross Indebtedness Outstanding	\$1,208,433	
Less: Debt Exempt from Limitation	<u>(852,164)</u>	
Net Debt within 5 1/2% Limitation		<u>356,269</u>
Legal Debt Margin within 5 1/2% Limitation		<u><u>\$4,526,652</u></u>

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

City of Belpre, Ohio
 Computation of Overlapping General Obligation Bonded Debt
 December 31, 2003

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Belpre(1)	Amount Applicable to City of Belpre
Washington County	\$3,690,000	8.48%	\$312,923

Source: Washington County, Ohio; County Auditor

(1) Percentage was determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the subdivision. The valuations used were for the 2003 collection year.

City of Belpre, Ohio
Property Value and Construction
Last Ten Years

<u>Year</u>	<u>Property Value (1)</u>	<u>Residential Construction Assessed Value</u>	<u>Commercial Construction Assessed Value</u>
1994	\$51,363,190	\$185,560	\$196,000
1995	51,529,080	294,570	69,490
1996	54,649,860	344,170	103,410
1997	54,949,380	111,510	2,170
1998	56,399,320	1,042,440	294,290
1999	67,820,000	1,671,610	56,560
2000	68,284,830	243,130	251,000
2001	70,169,070	575,840	944,490
2002	79,511,950	862,200	179,160
2003	79,747,020	644,900	149,140

Source: Washington County, Ohio; County Auditor

(1) Represents assessed value of real estate.

City of Belpre, Ohio
Principal Taxpayers - Real and Tangible Personal Property
December 31, 2003

Taxpayer	Nature of Business	2003 Assessed Valuation	Percent of Total Assessed Valuation
International Converter, Incorporated	Packaging Manufacturing	\$1,662,320	1.94%
Kroger Limited Partnership	Grocer	1,530,380	1.79
Lee Middleton Original Dolls, Incorporated	Doll Manufacturing	1,094,030	1.28
Plaza LLC	Land Development	748,850	0.87
Holder Harbour Corporation	Land Management	538,410	0.63
David B. Wurster	Land Management	535,010	0.62
John O. and Linda I. Cornell	Land Management	521,090	0.61
Badger Lumber Company, Incorporated	Lumber and Supplies Retailer	517,950	0.60
Orion Development	Pharmacy	484,640	0.57
Albrights of Belpre	Furniture Merchandising	419,670	0.49
		<u>\$8,052,350</u>	<u>9.40%</u>

Source: Washington County, Ohio; County Auditor

City of Belpre, Ohio
Principal Taxpayers - Public Utility Property
December 31, 2003

Taxpayer	2003 Assessed Valuation	Percent of Total Assessed Valuation
Monongahela Power Company	\$1,199,190	38.68%
Ohio Bell Telephone	908,410	29.30
East Ohio Gas Company	304,040	9.81
	\$2,411,640	77.79%

Source: Washington County, Ohio; County Auditor

City of Belpre, Ohio
 Ten Largest Employers
 December 31, 2003

Employer	Nature of Business	Number of Employees
Belpre City School District	School	298
Enlow's	Food Service	152
Wal-Bon of Ohio	Food Service	126
Kroger Limited Partnership	Grocer	119
McDonalds	Food Service	117
Wendy's	Food Service	109
Pioneer Casting	Pipe Manufacturing	101
Lee Middleton Original Dolls, Incorporated	Doll Manufacturing	84
Hardee's	Food Service	82
International Converter, Incorporated	Packaging Manufacturing	77

Source: City records

City of Belpre, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>Population(1)</u>	<u>School Enrollment(2)</u>	<u>Unemployment Rate of Washington County(3)</u>
1994	6,964	1,545	6.60%
1995	6,972	1,543	6.20
1996	6,998	1,539	6.50
1997	7,003	1,491	5.90
1998	7,016	1,425	5.50
1999	7,024	1,406	6.60
2000	6,660	1,281	5.00
2001	6,658	1,307	5.00
2002	6,676	1,327	4.80
2003	6,676	1,335	5.80

2000 Census Information (4)

Median Age	41.2 years
Average Household Size	2.18 persons
Total Households	3,058
Households 65 Years and Over	926
Owner-occupied Housing Units	2,017
Renter-Occupied Housing Units	1,041

(1) Source: City of Belpre

(2) Source: Belpre City School District

(3) Source: Ohio Job and Family Services

(4) Source: U.S. Bureau of the Census; 2000

City of Belpre, Ohio
Miscellaneous Statistics
December 31, 2003

Year of Incorporation as a City	1961
Form of Government	Mayor/Council
Area	3.5 square miles
Miles of City Streets	43
Number of Street Lights	497
Fire Protection:	
Number of Stations	2
Number of Volunteer Firemen and Officers	44
Fire Hydrants	154
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	11
Municipal Utilities:	
Miles of Water Mains	28
Miles of Sanitary Sewer	28
Number of Consumers:	
Residential	2,934
Commercial	270
Average Monthly Consumption (per household):	
Sewer	7,000 gallons
Water	7,000 gallons
Minimum Rate:	
Sewer	\$12.29
Water	\$6.27
Education:	
Number of Teachers	97
Number of Students	1,335
Recreation and Culture:	
Number of Parks	3
Number of Libraries	1
Number of Swimming Pools (not open)	1
Number of Tennis Courts	1
Number of Baseball and Softball Diamonds	6
Number of Boat Ramps	2
Employees:	
Full-Time	43
Part-Time	1
Seasonal	1

Source: City records



**Auditor of State
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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 6, 2004**